30838

2= Allied powers (1919-

D
648
.A5

REPARATION COMMISSION.

=Publications= XXIII.

OFFICIAL DOCUMENTS.

Report of the Commissioner for the German Railways (May 10, 1930).

Report of the Commissioner of the Reichsbank (May 17, 1930).

Report of the Commissioner of Controlled Revenues (May 17, 1930).

Report of the Trustee for German Industrial Debentures (June 17, 1930).

LONDON:
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
Adastral House, Kingsway, London, W.C. 2; 120, George Street, Edinburgh;
York Street, Manchester; 1, St. Andrew's Crescent, Cardiff;
15, Donegall Square West, Belfast;
or through any Bookseller.

1930.

Price 5s. 0d. Net.

70—142—23

LIBRARY OF CONGRESS

REPORT OF THE COMMISSIONER OF THE REICHSBANK

(May 17, 1930)

REPORT OF THE COMMISSIONER FOR THE GERMAN RAILWAYS

(May 10, 1930)

REPORT OF THE COMMISSIONER OF CONTROLLED REVENUES

(May 17, 1930)

REPORT OF THE TRUSTEE FOR THE GERMAN INDUSTRIAL DEBENTURES

(June 17, 1930)

E

308588
3D

REPORT
OF THE COMMISSIONER
OF THE REICHSBANK

May 17, 1930

BERLIN

Table of contents.

Page

I. General Council 9

II. Reichsbank notes 9
  a. Issue of Reichsbank notes 11
  b. Cover for Reichsbank notes 13
  c. Redemption of Reichsbank notes 15
  d. The old notes of the Reichsbank 16

III. Other media of payment 16
  a. Rentenbank notes 17
  b. Notes of the Private Banks of Issue 21
  c. Coins 21

IV. Payments effected otherwise than in cash 23

V. Relation of the Reichsbank to the Reich 24

VI. Financial results of the Reichsbank for 1929 27

VII. Golddiskontbank 28

VIII. Amendment of the Bank Law of August 30, 1924 30

IX. Some aspects of Reichsbank policy 35
  a. Development of the general trade situation 35
  b. Movement of prices 39
  c. Balance of trade 42
  d. Capital transactions with foreign countries 45
  e. Movements of the foreign exchanges 49
  f. Money market 50
  g. Credit situation of the banks 54
  h. Capital market 59
  i. Discount and credit policy of the Reichsbank 63
  j. Gold and Devisen policy of the Reichsbank 68
  Concluding observations 69

Report of the Commissioner of the Reichsbank.

(September 1, 1929 to May 17, 1930).

Berlin, May 17, 1930.

The present Report is the last to be made by the Commissioner of the Reichsbank in virtue of the Experts' Plan of 1924. It covers the period September 1, 1929, to May 17, 1930. For details with regard to the events of the period from the beginning of September to the middle of December reference is made generally to the annual Report concluding on December 23, of last year.

I. General Council.

At its meeting of March 11, 1930, the General Council unanimously elected Dr. Hans Luther, former Chancellor of the Reich, to be President of the Reichsbankdirektorium as from April 3, 1930, in the room of the resigning President, Dr. Hjalmar Schacht. The signature of the President of the Reich which is required under § 6 of the Bank Law of August 30, 1924, for the patent of appointment was given on March 12, 1930.

In accordance with § 15 of the Bank Law Dr. Schacht ceased to be Chairman and member of the General Council on April 2, 1930, Dr. Luther succeeding him on April 3, 1930, in these offices.

The following gentlemen, whose period of office ended on October 10, 1929, were re-elected:

Prof. Dr. G. Bachmann,
Carlo Feltrinelli,
Dr. Louis Hagen,
Franz Urbig.

The confirmation by the shareholders of the Reichsbank having German nationality, which was required under § 16 of the Bank Law for the re-election of Herr Hagen and Herr Urbig, was given at the general meeting held on February 15, 1930.

The elected members accepted their re-election.

Annex A contains a list of the members of the General Council and of the Reichsbankdirektorium.

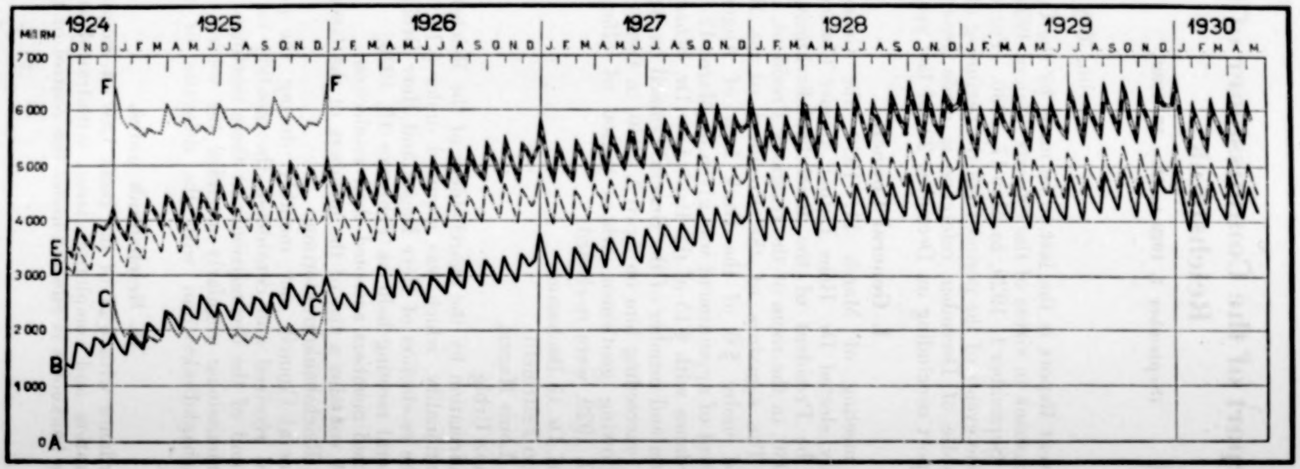
The General Council met monthly during the period under report, and received and considered the monthly reports of the President and of the Commissioner at these meetings.

The Commissioner regularly attended the weekly meetings of the Reichsbankdirektorium with the delegates of the Central Committee.

II. Reichsbank notes.

In accordance with § 27 of the Bank Law of August 30, 1924, the preparation and completion, issue, withdrawal and cancellation of the banknotes is effected under the control of the Commissioner.

Diagram I.
Means of payment in circulation.



A—F. Total circulation of means of payment 1913. A—E. Total circulation of means of payment 1924/30. A—C. Circulation of Reichsbank notes 1913.
A—B. Circulation of Reichsbank notes 1924/30. B—D. Circulation of Rentenbank notes 1924/30.

The duty of the Commissioner primarily consists in securing the execution of such provisions of the Law and Statutes as apply to the right of issuing notes and the maintenance of the gold cover for the notes in circulation.

a. Issue of Reichsbank notes.

As already mentioned in previous Reports, the Reichsbank has on various occasions caused new issues of notes to be prepared for the purpose of further increasing its reserves of notes and replacing notes which have become unuseable in circulation. Such new issues of notes of various values have been prepared in the period under report also. The work of applying the issue control stamp of the Commissioner to these additional issues was carried out in the same manner as hitherto in the Printing Office of the Reich under the supervision of two control officials of Dutch nationality.

The destruction of Reichsbank notes, which have become unusable in circulation, has taken place under the supervision of the Commissioner. In this connection it has been found that the control stamp has continued to prove satisfactory in practice.

The circulation of Reichsbank notes has been as follows:

on August 31, 1929	ℛℳ 4,897,266,000
on October 31, 1929	» 4,833,005,000
on December 31, 1929	» 5,043,677,000
on February 28, 1930	» 4,722,430,000
on April 30, 1930	» 4,664,194,000

On May 15, 1930, the circulation was ℛℳ 4,196,275,000.

Diagram I and Annex F contain more detailed particulars.

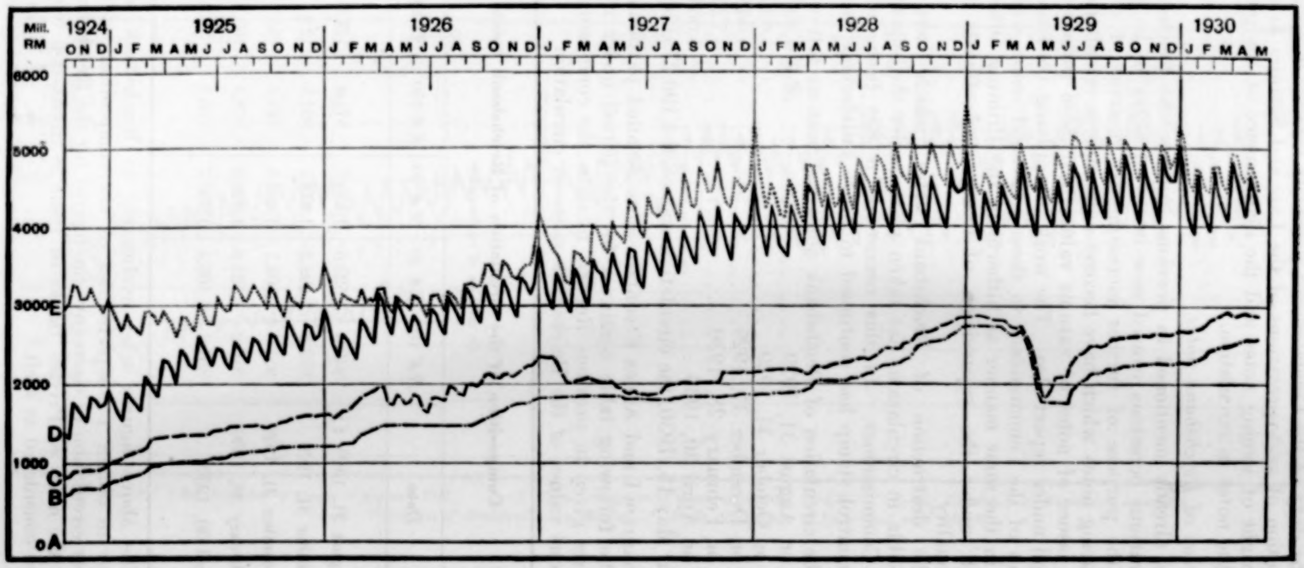
The following table continues for the period under report the figures given in previous Reports to show the composition of the various values of the Reichsbank notes in circulation.

Composition of the circulation of Reichsbank notes
(in millions of reichsmarks)

Date	ℛℳ 10	ℛℳ 20	ℛℳ 50	ℛℳ 100	ℛℳ 1000	Total
August 31, 1929 ...	940.5	1,523.6	1,439.7	871.4	122.0	4,897.3
October 31, 1929 ..	933.6	1,498.3	1,418.5	861.5	121.1	4,833.0
December 31, 1929.	951.3	1,504.1	1,484.5	945.6	158.2	5,043.7
February 28, 1930 .	916.2	1,425.8	1,398.5	878.5	103.3	4,722.4
April 30, 1930.....	891.3	1,403.3	1,396.7	876.5	96.5	4,664.2

The above figures refer exclusively to Reichsbank notes. In order to obtain a complete idea of the composition of the total paper circulation in Germany, the figures for the Rentenbank notes and the notes of Private Banks of Issue in circulation would have to be considered as well.

Diagram II.
Cover for Reichsbank notes.



A—B. Gold holdings. *B—C. Devisen available for cover.* *C—E. Bills and cheques.* *A—D. Circulation of Reichsbank notes.*

b. Cover for Reichsbank notes.

Under § 28 of the Bank Law the Reichsbank is obliged always to hold the following cover for the amount of its notes in circulation:

1. at least 40 per cent in gold or devisen (foreign exchange), of which not less than three-quarters must be in gold (§ 28a);
2. for the remaining amount, discounted commercial bills or cheques (§ 28b).

Gold within the meaning of this provision is bar gold or German or foreign gold coin (the pound fine being calculated at *ℛℳ* 1,392), in so far as such gold is in the possession of the Bank or deposited with a foreign central bank of issue in such a way that it is at all times at the free disposal of the Bank.

Devisen (foreign exchange) are bank notes, or bills of exchange having a currency of not more than 14 days, cheques and day-to-day claims payable in foreign currency at a bank of known solvency in a foreign financial centre. They are to be taken at their current gold value.

Below is a statement of the movements of this cover, which is expressed in the form of a graph in Diagram II: the figures appear as Annex G to the present Report. Their significance will be discussed in further detail in connection with the remarks on the policy of the Reichsbank.

Cover in gold and devisen.

The cover in gold and devisen available for cover was as follows:

on August 31, 1929	*ℛℳ* 2,491,499,000
» October 31, 1929	» 2,588,083,000
» December 31, 1929	» 2,686,703,000
» February 28, 1930	» 2,828,191,000
» April 30, 1930	» 2,892,886,000

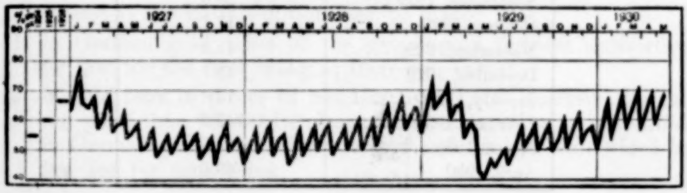
On May 15, 1930, the cover was *ℛℳ* 2,875,484,000.

The percentual cover attained its maximum figure since the coming into force of the Bank Law of August 30, 1924, on January 22, 1927, namely 78.5 per cent, and its minimum figure on May 7, 1929, namely 41.0 per cent. During the period under report it has remained always above the legal minimum of 40 per cent of the notes in circulation.

Diagram III shows the movement of the percentual cover; the figures are given in Annex H.

Diagram III.

Percentual cover for Reichsbank notes in gold and devisen available for cover.



Gold.

The holdings of gold increased steadily during the period under report. The monthly increase varied between ℛℳ 11.2 and 69.6 millions, with the exception of the month of February 1930, in which the increase was no less than ℛℳ 147.3 millions. Further consideration will be given below to the reasons for these movements. During the period covered by the previous Report on the other hand, the gold holdings had declined very considerably, particularly in April 1929. The result of these opposite movements was that the total of gold held decreased from ℛℳ 2,729,332,000 at the end of 1928 to ℛℳ 2,283,117,000 at the end of 1929, of which total ℛℳ 1,633,309,000 was in gold bars or foreign gold coin (ℛℳ 2,153,361,000 at the end of 1928), and on May 15, 1930, had again risen to ℛℳ 2,577,665,000 or ℛℳ 151,680,000 still below the maximum figure of January 7, 1929.

The gold holdings abroad remained unchanged during the period under report at ℛℳ 149.8 millions.

Date	Total gold holdings ℛℳ	Gold deposits with foreign Banks of Issue ℛℳ
August 31, 1929	2,183,440,000	149,788,000
September 30, 1929	2,212,044,000	149,788,000
October 31, 1929	2,229,123,000	149,788,000
November 30, 1929	2,240,352,000	149,788,000
December 31, 1929	2,283,116,000	149,788,000
January 31, 1930	2,297,050,000	149,788,000
February 28, 1930	2,444,389,000	149,788,000
March 31, 1930	2,495,931,000	149,788,000
April 30, 1930	2,565,502,000	149,788,000

The following table shows the monthly increase in the total gold holdings of the Reichsbank:

Month	Increase (in millions of reichsmarks)
September, 1929	28.6
October, 1929	17.1
November, 1929	11.2
December, 1929	42.7
January, 1930	14.0
February, 1930	147.3
March, 1930	51.5
April, 1930	69.6

The increases in the gold holdings were mostly due to various gold imports from abroad. They were distributed principally among the following countries:

Great Britain	about *ℛℳ*	214 millions
France	» »	80 »
Argentine	» »	64 »

The Reichsbank has continued to place small amounts of gold at the disposal of industry.

Devisen.

The devisen shown in the returns amounted

on August 31, 1929	to *ℛℳ*	308,059,000
on October 31, 1929	to »	358,960,000
on December 31, 1929	to »	403,587,000
on February 28, 1930	to »	383,802,000
on April 30, 1930	to »	327,384,000

On May 15, 1930 they amounted to *ℛℳ* 297,819,000.

Cover in bills and cheques.

The holdings of the Reichsbank in bills and cheques were as follows:

on August 31, 1929	*ℛℳ* 2,634,523,000
on October 31, 1929	» 2,449,983,000
on December 31, 1929	» 2,607,703,000
on February 28, 1930	» 1,916,813,000
on April 30, 1930	» 1,939,121,000

On May 15, 1930 the holdings amounted to *ℛℳ* 1,584,846,000.

The circulation of the Reichsbank notes and the cover held have been regularly subjected to control by the Commissioner.

c. Redemption of Reichsbank notes.

As regards the redemption of the Reichsbank notes Article 31 of the Bank Law makes the following provisions:

"The Bank is under obligation to pay its notes to the bearer thereof:

a) at its principal office in Berlin immediately on presentation;
b) at any branch establishment in so far at its available cash and its cash requirements admit of such payment.

Payment at the Bank's option may be made:

1. in German gold coins of the weight and fineness authorised by law for the time being at their par value;
2. in gold bars in pieces of not less than 1,000 Reichsmarks and not more than 35,000 Reichsmarks at their value in pure gold, in German gold coins of the weight and fineness authorised by law for the time being;

3. in cheques or orders to pay in foreign currency equivalent in value to the market value of the currency concerned in the matter as expressed in gold; the statutes enumerate the foreign banks on which the cheques or orders to pay may be drawn. The Reichsbank may in such a case charge a commission. The said commission may however not exceed the amount representing the share of the amount paid in the course of transmission of large sums of gold to the place of business of the foreign bank concerned in the matter, together with interest."

According to Article 52, however, the coming into force of this provision requires a combined decision of the Reichsbankdirektorium and the General Council. This decision has since been taken and in virtue of the proclamation in the Reichsgesetzblatt 1930, Part II, page 691 and in the Reichsanzeiger Nr. 95 of April 24, 1930, (attached as Annex D) takes effect simultaneously with the coming into force of the New Plan on this day.

d. The old notes of the Reichsbank.

As explained in earlier Reports, the return of the notes issued by the Reichsbank before the coming into force of the Bank Law of August 30, 1924, which became worthless on July 5, 1925, has almost entirely ceased. On April 30, 1930, only the equivalent of 10.4 million ℛℳ had not yet been returned to the Bank. It may be assumed that a large part of these old notes, for the exchange of which the Reichsbank still offers facilities at its head office in Berlin, are no longer in existence or will not be presented for exchange for the reason that the total of the notes in the hands of individual holders falls below the minimum allowed for exchange viz. 10 milliard paper marks = 1 reichspfennig.

III. Other media of payment.

Under § 1 of the Bank Law the Reichsbank has among other duties that of regulating the circulation of money throughout the territory of the Reich.

In addition to the notes issued by the Reichsbank, there are also in circulation in Germany notes issued by the Rentenbank, notes of the four Private Banks of Issue, and coins.

Diagram I shows, side by side with the circulation of Reichsbank notes, that of the other instruments of payment for the period from October 15, 1924 (date of the first weekly statement of the Reichsbank under the Bank Law of August 30, 1924) to May 15, 1930. The figures on which the diagram is based are given in Annex F to the present Report.

The movements of the total circulation of media of payment during the period under report is shown in the following table.

Date	Reichsbank notes	Rentenbank notes	Notes of Private Banks of Issue	Total amount of notes in circulation	Coins	Total
(in millions of reichsmarks)						
1929						
August 31	4,897.3	431.7	181.9	5,510.9	990.1	6,501.0
September 30	4,914.3	432.7	181.1	5,528.1	1,007.7	6,535.8
October 31	4,833.0	407.1	183.3	5,423.4	1,019.8	6,443.2
November 30	4,916.5	394.1	182.6	5,493.2	1,022.3	6,515.5
December 31	5,043.7	396.7	183.9	5,624.3	997.7	6,622.0
1930						
January 31	4,653.2	372.9	180.7	5,206.8	957.5	6,164.5
February 28	4,722.4	365.3	182.7	5,270.4	961.8	6,232.2
March 31	4,805.6	362.3	184.2	5,352.1	972.4	6,324.5
April 30	4,664.2	362.4	183.3	5,209.9	973.9	6,183.9

The percentual ratio of the various media of payment to the total amount in circulation was:

Date	Reichsbank notes %	Rentenbank notes %	Notes of Private Banks of Issue %	Total amount of notes in circulation %	Coins %	Total %
1929						
August 31	75.33	6.64	2.80	84.77	15.23	100
September 30	75.19	6.62	2.77	84.58	15.42	100
October 31	75.01	6.32	2.84	84.17	15.83	100
November 30	75.46	6.05	2.80	84.31	15.69	100
December 31	76.16	5.99	2.78	84.93	15.07	100
1930						
January 31	75.49	6.05	2.93	84.47	15.53	100
February 28	75.78	5.86	2.93	84.57	15.43	100
March 31	75.98	5.73	2.91	84.62	15.38	100
April 30	75.43	5.86	2.96	84.25	15.75	100

a. Rentenbank notes.

The founding, activities and liquidation of the Deutsche Rentenbank have been discussed in detail in earlier Reports.

Under the Law of August 30, 1924, on the Liquidation of Rentenbank notes in circulation, the total amount of Rentenbank notes in circulation had to be liquidated by the Reichsbank in not more than 10 years (that is, by 1934); this was to be done by means of a special sinking fund formed under the administration of the Reichsbank and supplied from the following sources:

a) Interest payments by the owners of landed property mortgaged in favour of the Rentenbank,

b) Contributions of the Reich to the amount of ℛℳ 60 millions per annum, and

c) The share of the Reich in the profits of the Reichsbank.

The Rentenbank notes paid into the sinking fund are destroyed by the Reichsbank. In so far as the above-mentioned payments are made in reichsmarks, the Reichsbank has to withdraw a corresponding amount of Rentenbank notes from circulation and to destroy them.

Up to April 30, 1930, the Reichsbank had received ℛℳ1,629.9 millions in all for redemption, as against ℛℳ 1,569.7 millions on August 31, 1929, and ℛℳ 1,431.4 millions on August 31, 1928; the payments were made up as follows:

	August 31, 1929	April 30, 1930
	(in millions of ℛℳ)	
Under Article 7a of the Liquidation Law (interest payments by the owners of land mortgaged in favour of the Rentenbank)	321.6	346.5
Under Article 7b of the Liquidation Law (contribution of the Reich amounting to ℛℳ 60 millions per annum)	285.0	315.0
Under Article 7c of the Liquidation Law (share of the Reich in the profits of the Reichsbank) [1])	82.8	88.1
Under Article 11 of the Liquidation Law ("economic credits" granted by the Rentenbank and paid back in full since November 30, 1927)	880.3	880.3
Total	1,569.7	1,629.9

[1]) In the business years 1924/29 this share amounted to ℛℳ 55.6, ℛℳ 12.2, ℛℳ 4.2, ℛℳ 5.5, ℛℳ 5.2, and ℛℳ 5.3 millions respectively.

During the period under report the circulation of Rentenbank notes — since January, 1928, the figure does not include the amount under earmark at the Reichsbank totalling ℛℳ 70.1 millions, to which reference was made in detail in the report for the year 1927/28 — has been as follows:

August 31, 1929	ℛℳ 431,696,000,
October 31, 1929	» 407,050,000,
December 31, 1929	» 396,686,000,
February 28, 1930	» 365,324,000,
April 30, 1930	» 362,398,000.

The debt of the Reich to the Rentenbank was reduced from ℛℳ 719.0 millions on August 31, 1928, to ℛℳ 580.8 millions on August 31, 1929, and to ℛℳ 520.5 millions on April 30, 1930.

The net profit of the Rentenbank for 1929 was approximately the same as for the previous year (ℛℳ 2.8 millions). This amount was carried to the profits reserve, which was thus augmented to ℛℳ 47.3 millions.

The draft Law amending the Law concerning the redemption of Rentenbank notes presented on April 7, 1930, to the Reichsrat proposes several modifications of the regulations governing the liquidation. Distressed agriculture is exempted from the payment maturing on April 1, 1930, and from subsequent interest payments, although the Government of the Reich is authorised to order the collection of such subsequent payments, should these be required in order to enable the Rentenbank to fulfil its liabilities in respect of the liquidation of Rentenbank notes in circulation. The annual contribution of the Reich to the sinking fund also disappears, so that in future this fund only receives the annual share of the Reich in the profits of the Reichsbank under § 37 of the Reichsbank Law.

The time limit for the completion of amortisation operations is accordingly prolonged, but, as the share of the Reich in the profits of the Reichsbank will be increased (vide page 30), only until December 31, 1942.

The explanatory memorandum to the draft Law emphasises the fact that the security of the Rentenbank notes is not affected by this settlement, as the mortgages continue to apply in favour of the Rentenbank. The delay in liquidating Rentenbank notes in circulation need give rise to no objection, particularly as the total still to be redeemed is now only approximately ℛℳ 450 millions and is of little importance as compared with the circulation of Reichsbank notes.

The amortisation of Rentenbank notes is still carried out through the Reichsbank. The Rentenbank has to give 6 months' notice for the recall of any Rentenbank notes still in circulation on January 1, 1943, with a view to their withdrawal from circulation and exchange for legal tender. The Reichsbank will effect the exchange over its counters by means of funds made available to it under the Law. Should the total amount of the sums paid into the sinking fund by December 31, 1942, not suffice to redeem the total circulation of Rentenbank notes, the Reich must make the necessary funds available to the Reichsbank, in so far as the Rentenbank is not in a position to do so. Any balance remaining in the sinking fund upon the completion of the withdrawal operations will go to the Reich.

The regulations governing the relations between the Rentenbank and the Rentenbank-Kreditanstalt are also changed. Under the regulations hitherto in force, a sum of 25 million reichmarks per annum was paid to the Rentenbank-Kreditanstalt out of the amount in excess of 60 million reichsmarks per annum paid by the owners of mortgaged land for the sinking fund. These annual transfers now cease as a result of the suspension of interest payments by the owners of mortgaged land. As, however, it is provided in the Law on the Rentenbank-Kreditanstalt that the capital of the institution, which on March 31, 1930, totalled 421.5 million reichsmarks, must reach the figure of 500 million reichsmarks in 1934, and as this capital was guaranteed to the foreign lenders when the Rentenbank-Kreditanstalt contracted its external loans, it is proposed to employ the whole of the annual net profit of the institution from the business years 1929 to 1933 inclusive, less any appropriation to special reserves, to strengthen the resources of the institution itself. It has further been decided that the Rentenbank shall if necessary transfer a sum not exceeding 50 million reichsmarks from its assets to the Rentenbank-Kreditanstalt, such transfers to take place upon the conclusion of the business years 1929 and 1930 to an amount not exceeding 25 million reichsmarks on each occasion. Should the capital and reserves of the Rentenbank-Kreditanstalt fall short of 500 million reichsmarks on April 1, 1934, the balance will be made available by the Reich. The draft Law therefore authorises the Rentenbank, with the assent of the Government of the Reich, to transfer its assets in full or in part to the Rentenbank-Kreditanstalt. The interest payments of owners of mortgaged land do not come under this authorisation, since under the Law of August 30, 1924, they may not be transferred by the Rentenbank.

On July 1, 1943, the Rentenbank will go into liquidation. Upon the termination of liquidation proceedings the mortgages in favour of the Rentenbank will expire. Any assets of the Rentenbank available upon the termination of liquidation proceedings will go to the Reich.

The Liquidation Law of August 30, 1924, confined itself to regulating those questions which required settlement under the Experts' Plan of 1924; all other questions were regulated by an internal contract concluded on June 27, 1925, between the Reich, the Reichsbank, and the Rentenbank.

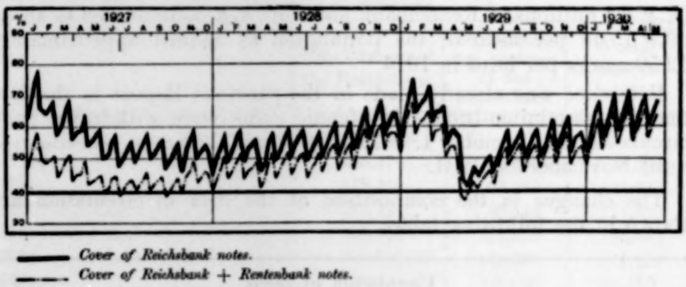
These arrangements are replaced, in conjunction with the draft Law, by a new contract concluded on March 31/April 4, 1930, between the Reich, the Reichsbank, the Rentenbank, and the Rentenbank-Kreditanstalt. Inter alia the contract fixes a definitive sum of ℛℳ 70,082,498.29 as the share of the Reichsbank — 7/10 per annum of the Reichsbank discount rate, but not exceeding 7 per cent for the year—in the interest payments received in connection with the liquidation of the "economic credits" granted by the Rentenbank, which have been repaid in full since November 30, 1927. As the Reichsbank told the Organisation Committee of 1924 that it was prepared to employ its share in the interest payments for the reduction of the Rentenbank notes in circulation, it has since January 1928 withdrawn a corresponding amount of Rentenbank notes from circulation and placed them under earmark, although its share in the interest payments was not yet paid (vide page 18).

Under the agreement of 1925 the Reich had already taken over the liability of the Rentenbank in respect of this debt to the Reichsbank, payment of which was postponed free of interest until the completion of the appropriations to the sinking fund. Since April 1, 1930, the Reich is the sole debtor for this debt, which is again postponed free of interest by the Reichsbank until December 31, 1943.

Although the Reichsbank is under no obligation to keep cover for the Rentenbank notes, it is of interest (in view of the fact that the notes of the latter bank circulate side by side with the Reichsbank notes without there being any gold or devisen cover provided for them) to examine the relation of the gold and devisen cover of the Reichsbank to the total of both means of payment. Diagram IV therefore contains the percentages of cover for the Reichsbank and Rentenbank notes together in addition to the percentages of cover for the Reichsbank notes alone.

Diagram IV.

Percentual cover in gold and devisen available for cover.



b. Notes of the Private Banks of Issue.

The note circulation of the Private Banks of Issue (the Bayerische Notenbank, the Württembergische Notenbank, the Sächsische Bank and the Badische Bank), the maximum figure for which was fixed by the Bank Law of August 30, 1924, at a total of *ℛℳ* 194 millions was:

on August 31, 1929	*ℛℳ*	181,943,000
on October 31, 1929	»	183,342,000
on December 31, 1929	»	183,883,000
on February 28, 1930	»	182,667,000
on April 30, 1930	»	183,343,000

On April 30, 1930, the total note cover of the Private Banks of Issue amounted to *ℛℳ* 65.9 millions in gold and *ℛℳ* 28.6 millions in devisen available for cover.

c. Coins.

The new gold coins of 10 reichsmarks and 20 reichsmarks, for which provision was made in § 2 of the Coinage Law of August 30, 1924, have not yet been minted. There are no longer any considerable amounts in circulation of the gold coins coined under former laws (which are still legal tender under § 4 of the new Coinage Law).

The following coin was in circulation:

on August 31, 1929	ℛℳ	990,140,000
on October 31, 1929	»	1,019,805,000
on December 31, 1929	»	997,746,000
on February 28, 1930	»	961,817,000
on April 30, 1930	»	973,928,000

These coins are issued by the Reich and put into circulation by the Reichsbank as circumstances require. Under § 8 of the Coinage Law, the aggregate amount of coin of the denomination of 5 reichsmarks and under may not exceed ℛℳ 20 per head of the population. At the end of April, 1930, the circulation of coin, including ℛℳ 9.1 millions in Rentenbank notes of ℛℳ 5, amounted to about ℛℳ 15.48 per head of the population as against approximately 12.50 marks per head in 1914.

Reference was already made in the previous Report to the fact that the aluminium-bronze 50 pfennig coins were withdrawn from circulation on December 1, 1929. They may, however, be redeemed until November 30, 1931.

The changes in the composition of the coin in circulation are shown in the following table:

Circulation of coins
(in millions of reichsmarks)

	August 31, 1928	August 31, 1929	April 30, 1930
Silver coins			
of ℛℳ 5	180.9	266.8	290.0
» » 3	148.1	151.2	144.8
» » 2	184.4	172.5	161.3
» » 1	248.0	241.0	220.6
Pfennig coins			
of ℛ𝓅𝒻 50 nickel..............	33.7	48.7	60.5
of ℛ𝓅𝒻 50 aluminium-bronze....	29.4	18.4	4.4
» » 10 aluminium-bronze......	55.1	58.9	59.3
» » 5 »	23.6	25.6	25.5
» » 2 copper..............	2.9	3.4	3.5
» » 1 »	3.2	3.6	4.0
Total....	909.3	990.1	973.9

The Reichsbank holdings of coin amounted:

on August 31, 1929	to	ℛℳ	115,946,000
on October 31, 1929	to	»	98,136,000
on December 31, 1929	to	»	89,111,000
on February 28, 1930	to	»	137,866,000
on April 30, 1930	to	»	133,433,000

IV. Payments effected otherwise than in cash.

When considering the total circulation, the very important payments effected otherwise than in cash must not be left out of account. Reference may be made to the Annual Report for 1926-27, which contains particulars on this point and especially on the position of the Reichsbank in this connection.

The figures given in earlier Reports are brought up to date below.

Turnover (credit and debit entries) of the Giro and clearing systems of the Reichsbank and the Postal cheque service
(in millions of reichsmarks)

	Giro business of the Reichsbank	Total clearing business of the Reichsbank	Postal cheque business
	I. Annual totals		
1924	465,470	36,725	78,503
1925	472,379	63,063	110,835
1926	539,424	83,448	114,810
1927	628,793	104,615	136,052
1928	694,726	121,006	145,813
1929	750,655	126,226	150,692
	II. Monthly totals		
August, 1929	61,801	9,930	12, 659
September, 1929	58,247	9,686	11,849
October, 1929	66,220	11,149	13,678
November, 1929	58,704	9,646	12,739
December, 1929	60,033	9,562	12,824
January, 1930	65,381	10,589	13,249
February, 1930	54,370	9,122	11,032
March, 1930	58,202	9,775	11,551
April, 1930	59,981	10,142	

The telegraphic Giro system of the Reichsbank continued to develop satisfactorily. The telegraphic Giro transfers inside Germany in 1929 totalled ℛℳ 13,545 millions as against ℛℳ 10,991 millions in 1928.

The foreign Giro business of the Reichsbank continued to develop during the period under report. On April 1, 1930, the Bank of Greece in Athens adhered to the system. The following countries (in alphabetical order) are now included—Austria, Belgium, Bulgaria, Czecho-Slovakia, Danzig, Denmark, Esthonia, Finland, France, Great Britain, Greece, Hungary, Ireland, Latvia, Lithuania, the Netherlands, Norway, Rumania, Russia, Sweden, Switzerland, and the United States of America.

The Giro clearings in and out amounted in 1929 to ℛℳ 99 millions (as compared with ℛℳ 78 millions in 1928).

V. Relation of the Reichsbank to the Reich.

The Reichsbank continued to function as paying agent for the service of the 7 per cent German External Loan 1924 during the period under report.

Since February, 1928, the Reichsbank, acting for the Finance Ministry of the Reich, has offered for sale treasury bills of the Reich. The latter have been placed in part on the open market and have in part been taken over by public institutions.

Treasury bills of the Reich
(in millions of reichsmarks)

End of month	Total circulation		Proportion of total circulation on open market	
	Total amount	Increase (+) or decrease (—) as compared with previous month	Total amount	Increase (+) or decrease (—) as compared with previous month
February, 1928	32.5	+ 32.5	7.5	+ 7.5
March, 1928	40.0	+ 7.5	15.0	+ 7.5
April, 1928	57.7	+ 17.7	32.7	+ 17.7
May, 1928	164.7	+ 107.0	54.7	+ 22.0
June, 1928	217.2	+ 52.5	102.1	+ 47.4
July, 1928	224.5	+ 7.3	109.4	+ 7.3
August, 1928	229.0	+ 4.5	113.9	+ 4.5
September, 1928	296.0	+ 67.0	185.9	+ 72.0
October, 1928	341.0	+ 45.0	230.8	+ 44.9
November, 1928	366.7	+ 25.7	316.5	+ 85.7
December, 1928	391.6	+ 24.9	256.5	— 60.0
January, 1929	400.0	+ 8.4	334.9	+ 78.4
February, 1929	366.7	— 33.3	331.6	— 3.3
March, 1929	382.5	+ 15.8	347.4	+ 15.8
April, 1929	376.5	— 6.0	341.4	— 6.0
May, 1929	332.2	— 44.3	226.0	— 115.4
June, 1929	400.0	+ 67.8	293.8	+ 67.8
July, 1929	337.8	— 62.2	241.6	— 52.2
August, 1929	355.7	+ 17.9	245.0	+ 3.4
September, 1929	400.0	+ 44.3	271.4	+ 26.4
October, 1929	376.1	— 23.9	257.4	— 14.0
November, 1929	400.0	+ 23.9	286.4	+ 29.0
December, 1929	375.0	— 25.0	288.4	+ 2.0
January, 1930	391.1	+ 16.1	310.5	+ 22.1
February, 1930	380.2	— 10.9	299.7	— 10.8
March, 1930	400.2	+ 19.8	329.7	+ 30.0
April, 1930	399.3	— 0.7	272.7	— 57.0

The bills issued on the open market have a currency of 3 months and are negotiated at the private discount rate.

Under the Law of July 8, 1926, amending the Bank Law, treasury bills issued by the Reich, backed by a further obligee of known solvency in addition to the Reich, may be discounted or admitted as collateral by the Reichsbank for an amount not to exceed an aggregate total of ℛℳ 400 millions.

Since the first amount of 1 million reichsmarks of treasury bills was discounted by the Reichsbank on April 30, 1928, further amounts have been discounted regularly by the Bank. Since June 15, 1928, loans have also been granted against treasury bills as collateral.

The following table shows the figures from April, 1928, onwards.

Treasury bills of the Reich discounted or accepted as collateral by the Reichsbank

(in thousands of reichsmarks)

End of month	Discounted	Accepted as collateral	Total
April, 1928	1,000	—	1,000
May, 1928	—	—	—
June, 1928	1,000	10	1,010
July, 1928	1,750	5,000	6,750
August, 1928	4,500	1	4,501
September, 1928	13,450	3,747	17,197
October, 1928	—	3,584	3,584
November 1928	57,300	1	57,301
December, 1928	51,090	32,734	83,824
January, 1929	9,000	1	9,001
February, 1929	12,500	14,851	27,351
March, 1929	56,990	1	56,991
April, 1929	136,370	13,867	150,237
May, 1929	144,780	9	144,789
June, 1929	158,170	1	158,171
July, 1929	67,470	2,807	70,277
August, 1929	37,620	5,251	42,871
September, 1929	112,960	739	113,699
October, 1929	92,190	4,319	96,509
November, 1929	41,840	21,181	63,021
December, 1929	240,690	22,480	263,170
January, 1930	24,970	2,453	27,423
February, 1930	48,190	4,001	52,191
March, 1930	14,770	2,742	17,512
April, 1930	77,000	46	77,046

Besides the treasury bills of the Reich mentioned above there were ℛℳ 1,236 millions of treasury certificates of the Reich outstanding at the end of April, placed with various quarters; the Agent General for Reparation Payments had taken up an amount of ℛℳ 361.0 millions.

In January, 1930, the Reich began the issue of a new type of treasury certificates. They run for one year, and are issued by the Reichsbank on behalf of the Finance Ministry. The rate of interest was at first 7 per cent, and was gradually reduced to 6$^1/_4$ per cent in accordance with the reductions in the discount rate. The first issue totalled ℛℳ 50 millions, falling due on January 15, 1931. In the following months further blocks were placed viz:

ℛℳ 45 millions falling due February 15, 1931,
» 30 » » » March 15, 1931,
» 70 » » » April 15, 1931.

There were accordingly ℛℳ 195 millions altogether of these one-year treasury certificates outstanding at the end of April.

Particulars with regard to the taking over of ℛℳ 350 millions of non-interest bearing treasury certificates by the Reich Loan Consortium in December, 1929, were given in the last Report

Reference was further made in the last Report to the agreement concluded by the Reich on October 26, 1929, with the Swedish Match Trust Kreuger & Toll, under which the Trust undertook amongst other things to take up a Reich loan of 125 million dollars, the first instalment seven months and the second instalment sixteen months after the promulgation of the match monopoly law.

The law in question was promulgated on January 30, 1930.

In the meanwhile an advance payment on account of this loan was made by discount of the proceeds. The official communiqué on the subject stated:

> "A German syndicate headed by the Reichsbank and an international syndicate to be formed under the leadership of Lee Higginson & Co. have undertaken to discount the proceeds of the $ 125,000,000 loan to be granted to the Reich by the N. V. Kreuger & Toll of Amsterdam. As already announced, the loan in question is in two instalments of $ 50,000,000 nominal payable to the Reich on August 30, 1930, and $ 75,000,000 payable on May 29, 1931.
>
> The syndicates will make the proceeds of the first instalment available to the Reich in April and the proceeds of the second instalment in about the middle of June. The names of the members of the international syndicate will be announced later. It will be recalled that the proceeds of the match loan are to be devoted to reducing the floating debt of the Reich. Thanks to the discount operation proposed the Finance Ministry of the Reich will be in a position to begin at once with the reduction of the floating debt. At the same time the redemption of debt as proposed in the Law of December 24, 1929, to the amount of 450 million reichsmarks to be derived from new taxes and economies in 1930-31 will go forward.“

In the "Arrangement as to the financial mobilisation of the German annuities" signed at The Hague Conference on January 20, 1930, in which the German Government undertook not to issue any external long-term loans within a certain period, the abovementioned loan was expressly excluded from this provision. The Government, however, undertook that the obligations to be created in virtue of this agreement should not be offered for public subscription until after June 30, 1933, and further that the service of the loan should never give rise to any discrimination to the prejudice of the service of the unconditional annuities.

In regard to the working credits which may be granted by the Reichsbank to the Reich to an aggregate amount not exceeding 100 million reichsmarks under § 25 of the Bank Law, the Reich draws upon these in the form of overdrafts and pays interest at the current Reichsbank rate. During the period under report the Reich has had recourse to such credits on various occasions, more especially at the ends of the months. At the end of September, 1929, the amount of such overdrafts was 81 million reichsmarks, and less at the ends of the other months.

In accordance with § 25 of the Bank Law there was no indebtedness on the part of the Reich to the Reichsbank in respect of these working credits at the end of the business year 1929

In virtue of the agreement concluded in 1924 between the Reich and the Reichsbank the latter has a claim on the Reich of 235.5 million reichsmarks, of which 100 million reichsmarks are in the form of a standing loan at 2 per cent repayable not before October 1, 1974, and 135.5 million reichsmarks in the form of a 3 per cent loan repayable in 15 years in equal instalments. These claims, which were shown in the balance of the Bank at the end of 1924 with a current value of 143.7 million reichsmarks, have been reduced since then by the play of the annual amortisation and are shown in the balance sheet for the end of 1929 at 108.9 million reichsmarks (118.1 millions at the end of 1928).

For the changes in the relation of the Reichsbank to the Reich, in particular in the matter of the share of the Reich in the profits of the Bank reference is made to section VIII below.

VI. Financial results of the Reichsbank for 1929.

Below some figures are given showing the financial results of the Reichsbank for 1929; the figures are taken from the Report of the Bank submitted at the General Meeting of February 15, 1930.

The gross profits of the Reichsbank in 1929 increased as compared with the previous year as a result of the higher interest rates which on the average prevailed and the increased turnover. The total gross profits, which in 1928 were 157.7 million reichsmarks, rose in 1929 to 170.2 million reichsmarks; the profit on bill discounting business being 148.0 million reichsmarks (138.3 millions in 1928) and 7.3 million reichsmarks on loans and advances (3.9 million reichsmarks in 1928).

After deduction of administrative costs to the amount of 89.0 million reichsmarks (87.6 millions in 1928), of the cost of producing new bank notes to the amount of 4.6 million reichsmarks (6.0 millions in 1928), of the expenditure on completed buildings to the amount of 5.1 million reichsmarks (8.7 millions in 1928, which sum was then debited to the special building reserve), and of the transfers[1]) to the Del Credere fund to the amount of 15.0 million reichsmarks (10.0 millions in 1928) and allocations for the increase of capital to the amount of 31.0 million reichsmarks, the Bank was left with a net profit of 25.6 million reichsmarks, (25.4 millions in 1928).

In accordance with the provisions of § 37 of the Bank Law 20 per cent of the net profits or 5.1 million reichsmarks (as in the previous year) were appropriated to the legal reserve, which was raised in consequence to 53.9 million reichsmarks (48.8 millions in 1928). The Reich received 5.3 million reichsmarks (5.2 millions in 1928), which under § 7c of the Rentenbank Liquidation Law were used for the amortisation of Rentenbank notes in circulation. There remained for the share-holders 15.1 reichsmarks (as in the previous year), out of which a 12 per cent dividend was distributed as in the previous year on the paid-up capital of 122,788,100 reichsmarks, the balance of 0.4 million reichsmarks (0.3 millions in 1928) being carried to the special reserve fund for future payments of dividends. The latter fund was thus increased at the end of 1929 to 46.2 million reichsmarks (45.8 millions in 1928).

---

[1]) In 1928, in addition to the transfer to the Del Credere fund, ℛℳ 100 and 18.7 millions were carried respectively to the reserves for printing new notes and for new buildings.

The Del Credere fund was increased by the above mentioned transfer to 90 million reichsmarks (75 millions in 1928). The reserves for building purposes and for printing new notes remained unchanged at 35 million reichsmarks respectively.

In connection with the amendment of the Bank Law, which is discussed in Section VIII, a special reserve has been constituted for the purpose of increase of the capital, as stated above, and 31 million reichsmarks have been paid into it.

VII. Golddiskontbank.

In continuation of the particulars published with regard to the Golddiskontbank in previous Reports some figures are given here from the monthly statements of the Bank on the development of business as from the end of 1927.

Date	Bills and cheques	Redis-counted bills	Securi-ties	Lia-bilities at call	Time liabili-ties
	(in £ 1,000)				
1927					
December 31	1,081.8	2,396.9	13,720.0	1,526.8	5,212.9
1928					
April 30	314.7	2,218.6	12,759.1	3,426.6	646.1
June 30	1,918.0	1,940.2	12,434.3	2,978.8	2,783.5
August 31	390.5	2,061.2	12,264.6	2,606.3	611.8
September 29	2,085.7	1,830.2	12,022.5	5,151.7	97.9
October 31	7,051.8	1,665.9	11,972.6	10,033.8	73.4
November 30	2,609.4	2,107.5	11,856.5	5,624.1	—
December 31	804.0	2,065.8	11,716.0	3,925.2	—
1929					
January 31	3,053.0	1,814.9	11,270.4	4,851.7	244.7
February 28	3,139.4	1,898.4	10,612.2	4,259.8	244.7
March 28	1,707.8	1,849.2	9,420.5	1,705.9	195.8
April 30	4,224.2	1,625.0	8,733.4	3,618.7	97.9
May 31	4,716.8	1,296.4	8,568.0	4,051.0	—
June 29	3,990.3	835.6	8,588.9	3,326.0	—
July 31	5,217.4	887.8	8,442.7	4,249.9	—
August 31	4,315.7	853.8	8,442.7	3,453.1	—
September 30	4,544.7	727.2	8,393.3	3,726.2	—
October 31	4,817.4	1,056.1	8,293.6	3,925.2	—
November 30	3,850.5	1,116.5	8,243.6	2,968.6	—
December 31	1,493.7	1,086.3	8,171.0	572.1	—
1930					
January 31	4,943.3	970.4	7,582.2	2,959.4	—
February 28	5,641.9	546.6	6,915.9	3,059.2	—
March 31	6,375.3	563.1	6,520.0	3,394.9	—
April 30	6,956.0	512.5	5,673.8	3,118.9	—

The volume of the liabilities at call and time liabilities varies in accordance with the cash position of the public and semi-public departments which deposit funds with the Golddiskontbank. The funds received by the Golddiskontbank are mainly passed on to the private discount market.

The recourse to the bank for export credits showed no considerable change during the period under report. At the end of 1929 the total amount of such credit allowed was £ 2,578,000. The following are the totals for bills purchased.

Currency	1927	1928	1929	1927	1928	1929
	Number of bills			Total in millions		
Pound Sterling.....	3,574	1,481	1,083	6.6	2.7	2.1
Dollar.............	121	98	186	2.0	1.0	1.1
Reichsmark........	1,862	3,204	2,946	72.5	125.5	122.4

On December 31, 1929 Golddiskontbank bills to the value of 10.4 million reichsmarks were held by the Reichsbank, as compared with 10.7 millions on December 31, 1928.

No recourse was had during the period under report to the foreign commitment credit at the disposal of the Golddiskontbank or to any other foreign credits.

The item "Securities" includes, in addition to other securities held by the Golddiskontbank, the three to five year 7 per cent mortgage bonds of the Rentenbank-Kreditanstalt issued in 1926. The total amount of these bonds issued is 355.7 million reichsmarks; the first third, representing approximately 120 million reichsmarks, fell due on July 15, 1929, and was completely repaid. The Golddiskontbank's holding of bonds was further reduced by this transaction; it had already fallen at the end of 1928 to 233.0 million reichsmarks as a result of various repayments and sales of bonds to third parties; on December 31, 1929, it totalled 161.4 million reichsmarks.

The gross profits of the Bank on bills, cheques, securities and other claims amounted in 1929 to £ 699,806 (£ 3,605,829 in 1928); interest payments and commissions amounted to £ 112,609 and £ 17,261 respectively (£ 2,881,469 and £ 171,017 respectively in 1928).

The net profits earned amounted to £ 558,971 (£ 549,227 in 1928). Of this sum 5 per cent i. e. £ 27,948 (£ 27,461 in 1928) was transferred to the legal reserve, which was thus increased to £ 161,593 at the end of 1929 (£ 133,644 at the end of 1928). £ 305,000 (£ 520,000 in 1928) were carried to the special reserve, which was thus increased to £ 2,500,000 (£ 2,195,000 in 1928), and £ 210,000 (nil in 1928) were carried to the Del Credere fund which was thereby increased to £ 500,000 (£ 290,000 in 1928). The rest of the profit amounting to £ 16,022 (£ 1,766 in 1928) was carried forward to the next year.

Administrative costs totalled £ 15,778 (£ 18,298 in 1928).

The discount rate of the Golddiskontbank, which had remained unchanged at 6 per cent ever since June 11, 1927, was lowered in connection with the Reichsbank's reductions of its rate to $5^1/_2$ per cent as from January 14, 1930, and to 5 per cent as from March 25, 1930.

In connection with the amendment of the Bank Law, which is discussed in Section VIII, it was decided to issue Golddiskontbank shares to the share-holders of the Reichsbank. A change in the capital of the Golddiskontbank was thus rendered necessary. The capital of the Golddiskontbank totalling £ 10,000,000, of which £ 6,647,000 had up to the present been paid up, will be paid up in full out of the available reserve, so that the Bank will in future dispose of a share capital of 200,000,000 reichsmarks and reserves of about 50,000,000 reichsmarks.

In the Report of the Reichsbank made to the General Meeting of February 15, 1930, for the year 1929, it is explained that these funds constitute a serviceable foundation for the resumption and extension of the activities of the Golddiskontbank in the direction of financing exports, and that they justify the expectation that a reasonable return will be earned on the share capital even after the abolition (in connection with the amendment of the legislation on the Bank) of existing fiscal privileges, of the cumulative dividends and of the share of the Reich in the Golddiskontbank's profits. In any case a distribution of dividend is proposed again for the first time on the year 1930.

VIII. Amendment of the Bank Law of August 30, 1924.

The New Plan made amendment of the Bank Law necessary. The proposals in this connection were discussed by the Sub-Committee of the Organisation Committee for the adaptation of the Bank Law, and formulated in its report of November 12, 1929. They were included with certain changes in The Hague Agreement of January 20, 1930. The law of the Reich incorporating the amendments to the Bank Law was passed by the Reichstag on March 12, 1930, received the signature of the President of the Reich on March 13, 1930, and was published in the Reichsgesetzblatt 1930 Part II page 355 of March 19, 1930. This law, the text of which is attached to the present Report as Annex B, has, in virtue of the Decree of the Government of the Reich of May 19, 1930 (Reichsgesetzblatt 1930 Part II page 777), come into force on May 17, 1930.

The Experts' Report of June 7, 1929, laid down for the adaptation of the Bank Law three principles:

1. the abolition of foreign participation in the control of the Reichsbank,

2. the independence of the Reichsbank,

3. the maintenance of the mint parity.

In accordance with these principles the provisions with regard to the composition of the General Council and the functions of the Commissioner for the issue of notes have been modified, while the provisions with regard to the note cover remain unchanged, and the independence of the Bank is maintained. The Sub-Committee in its report expressly stated that it regarded as essential for the application of the Experts' Plan the putting into force of the convertibility of notes under § 31 of the Bank Law, which is to be done not later than the date of the putting into force of the Experts' Plan, and the maintenance of convertibility during the time the Plan is in force.

The joint decision of the Reichsbankdirektorium and of the General Council required in the Bank Law for the putting in force of the convertibility of the notes, which decision the President of the Reichsbank undertook to obtain in his letter of June 6, 1929, to the President of the Paris Conference which is published as Annex II to the Experts' Report, has since been taken and takes effect, in conformity with the proclamation appended to the present Report as Annex D, simultaneously with the coming into force of the New Plan.

Special importance attaches to the distinction made by the Sub-Committee between the various provisions of the Bank Law, which it divided into two categories viz. provisions containing fundamental guarantees for the maintenance of the currency, which comprise also the provisions concerning the independence of the Reichsbank, and secondly provisions which do not touch the above mentioned fundamental principles of the Experts' Report and which after its putting into force are internationally no longer relevant.

The provisions of the first category, which relate principally to the functions, site, note privilege and administration of the Bank, to the General Council, to the obligation to exchange bar gold for notes at a fixed price of 1,392 reichsmarks to the pound fine, to the duty of the Bank to act as banker of the Reich, to the note issue and note cover and the obligation to redeem the notes, were set out in Annex II of the Report of the Sub-Committee for the adaptation of the Bank Law and attached, as amended by the Hague negotiations, to the Hague Agreement of January 20, 1930, as Annex V. Annex C of the present Report furnishes a list of these provisions. The other provisions of the Bank Law can be amended by legislation in the ordinary way; but in the case of the paragraphs specified in Annex V provision is made in Annex Va of The Hague Agreement for special procedure for their amendment, the text of which is also included in Annex C. Under this procedure any proposal for such amendment must be submitted by the German Government to the Board of Directors of the Bank for International Settlements. The latter may object to the proposed modifications if it considers that such modifications are incompatible with the New Plan. In the event of agreement not being reached the difference may within two months be referred to an arbitrator chosen by common consent or, in default of such consent, to the Tribunal for which provision is made in The Hague Agreement. The decision of the arbitrator or Tribunal is final and binding for the Reich, the Bank for International Settlements and the States signatory to the Agreement.

The *General Council,* which has hitherto consisted of 14 members of whom 7 have been foreigners, now consists of 10 members, all of whom must be German nationals. The provision that the President of the Reichsbankdirektorium is to be a member of the General Council and also Chairman of the same remains.

The election of members of the General Council will take place in accordance with the procedure already prescribed for the German members, that is to say by co-optation subject to confirmation by the share-holders of German nationality. There is a new provision to the effect that before the election the Chairman of the General Council or his representative will place himself in touch with the Government of the Reich.

Up to the present officials in the direct service of the Reich or of a German State, and persons in receipt of remuneration from the Reich or from a German State, could not be made members of the General Council. As there was no good ground for refusing to admit to membership of the General Council persons permanently on the retired list, or in receipt of remuneration from the Reich or from a German State for previous services, an exception is made in the new Law for both of these classes of persons.

According to the former provisions the General Council's decisions were taken by a majority of at least ten votes, or by a simple majority if the Chairman and the Commissioner voted with the majority. Now the General Council takes its decisions by a simple majority, the Chairman having a casting vote in the event of equality of voting. This provision does not, however, apply to the election of the President or to the assent to the nomination of members of the Direktorium.

The provision hitherto existing that, in the event of a member being unable to attend a meeting, he is free to empower another member by registered letter or telegram to vote in his place has been cancelled.

The minimum number of the meetings is reduced from one a month to one a quarter.

The decisions of the General Council are still subject to the maintenance of the rights of management reserved to the Reichsbankdirektorium.

The abolition of foreign influence, which is laid down in the New Plan, implies the elimination of the foreign *Commissioner for the issue of notes* as mandatory of the General Council. It seemed, however, desirable to entrust some authority, belonging to the administration of the Reich but at the same time independent in character, with the control of the preparation and completion, issue, withdrawal and cancellation of the bank notes. The Law accordingly designates for the purpose as Commissioner the President of the Rechnungshof (Court of Accounts) of the Reich for the time being.

The checking of the issue of notes is to be effected by numerically ascertaining the available note cover as prescribed by law. The examination of the figures is to take place on those days for which the Bank regularly publishes its returns. The reports on the subject are to be submitted to the General Council at each of its meetings. The new Law expressly stipulates that the control does not include the consideration of the credit, discount or currency policy of the Bank.

The provisions with regard to the application to the notes of the issue control stamp and with regard to the observance of complete secrecy in regard to all matters or arrangements of the Bank which come to the knowledge of the Commissioner or his assistants are left unchanged.

Under the new Law the Commissioner for the issue of notes is no longer a member of the General Council. The provision that the General Council is at each of its meetings and at least once a month to consider the reports submitted to it by the President and the Commissioner, and to take decisions on all proposals made to it by the President and the Commissioner is therefore cancelled in so far as the Commissioner is concerned.

Further the co-operation of the Reichsbank and of its President with the *Bank for International Settlements* within the framework of the New Plan is assured. The Reichsbank is empowered to acquire shares of the Bank for International Settlements or alienate the same, and to guarantee the subscription of such shares.

The provisions with regard to the separate account for the reparation payments are altered in connection with the dissolution of the Reparation Commission. This account now is at the disposal of the Bank for International Settlements. The two-milliard limit for the account also ceases.

Apart from the above changes, which arise directly out of the New Plan, certain other articles of the Bank Law have been cancelled or re-stated.

For example, in § 5 on the *capital* of the Bank the provision that it is to be not less than 300 million reichsmarks is struck out.

The new provisions with regard to the *election* of the *President* and *members* of the *Reichsbankdirektorium* are based on the principle that the influence which the Government of the Reich in the general interest of the Reich exercises on the appointment of the management of the Bank requires to be strengthened, without infringement, however, of the principle hitherto observed of the independence of this management.

Accordingly the election of the President is still left to the General Council, but the Reichsbankdirektorium in virtue of its collegal character now has obtained the right to be heard first.

On the same grounds the appointment of the members of the Reichsbankdirektorium continues to be in the hands of the President with the assent of the General Council. The appointment of the members of the Reichsbankdirektorium will be dependent on confirmation by the President of the Reich. The right of the latter to confirm the election of the President of the Reichsbank, which had hitherto been limited, is converted into an unlimited right. Similarly the dismissal of the President or of a member of the Reichsbankdirektorium by the General Council, which is still possible for weighty reasons, now requires confirmation by the President of the Reich.

The election of the President by the General Council and the assent of the General Council to the appointment of members of the Reichsbankdirektorium had hitherto been dependent on a majority of nine votes, of which at least six had to be German. Owing to the changes in the composition of the General Council the requisite majority now is seven votes.

The provision that additional or complementary elections to the Reichsbankdirektorium require the approval of the candidate by the Reichsbankdirektorium is maintained. Whereas formerly such approval could be given or withheld by a simple majority, it is now not considered to be withheld unless two-thirds of the members have voted against the person proposed for election. This derogation from the voting procedure which otherwise is of general application to the decisions of the Reichsbankdirektorium is justified by the fact that two other organs of the Bank (the General Council and the President) must already have agreed as to the election in question, and furthermore that the final decision rests with the President of the Reich.

The other changes in the Bank Law are in connection with the changes in the powers of the General Meeting with regard to the Statutes of the Bank, the regulations for the grant of advances on the security of loans of the Reich and States (in which connection the existing restrictions are abolished), the date on which the working credits of the Reich have to be paid off (which is now fixed for July 15 instead of at the end of the year in connection with the requirements of the Reich for end of the year payments), the liquidation of the Bank and the penal provisions. For details see the Law of March 13, 1930, which is appended to the present Report as Annex B.

The new Law reserves for a special regulation the distribution of the profits of the Bank, which is to be treated as a matter of purely internal German interest. The Government of the Reich had contemplated a change in this matter in connection with the new position created by The Hague Agreement. The proposals submitted by the Reichsbankdirektorium to the General Meeting of the share-holders on February 15, 1930, referred to the fact that the provisions proposed in the Dawes Plan and incorporated in § 37 of the Bank Law of August 30, 1924, were an outcome of the assumption that it would be necessary to increase the capital of the Bank to 400 million reichsmarks, or at any rate 300 millions effectively, and for this purpose to have recourse to the foreign capital market. Neither measure has proved necessary. The Reichsbank had been able up to the present to carry on with its existing capital, putting together the old shares and taking over the shares of the Golddiskontbank etc. While therefore it appeared justifiable on the one hand to admit changes in the distribution of the profits in connection with the new reparation settlement, the share-holders on the other hand could not be asked to agree to such a change except in return for some reasonable equivalent advantage. The position of the Reich is improved to the extent that, whereas up to the present after payment of an 8 per cent dividend the Reich and the share-holders halved the first 50 million reichsmarks of the balance of the net profits, while the Reich received three-quarters and the share-holders one-quarter of the next 50 million reichsmarks, and the Reich nine-tenths and the share-holders one-tenth of the rest, in future after the payment of the minimum dividend of 8 per cent the share-holders will receive 25 per cent and the Reich 75 per cent of the first 25 million reichsmarks, the Reich 90 per cent and the share-holders 10 per cent of the next 20 million reichsmarks, and the Reich 95 per cent and the share-holders 5 per cent of any remaining balance. The General Meeting was asked to agree to this change subject to the provision that the share-holders should receive out of the reserves of the Bank free rights to a Golddiskontbank share of £ 10 and a new Reichsbank share of 100 reichsmarks in respect of every four old shares of 100 reichsmarks, each with dividend rights as from January 1, 1930.

These proposals were accepted by the General Meeting. A bill to this effect has not yet been introduced.

IX. Some aspects of Reichsbank policy.

Before considering the policy pursued by the Reichsbank, a brief review is as usual given in the present Report of the general economic position of Germany.

This review may in the main be restricted to the last five months; for earlier periods reference is made to the Report of December 23, 1929.

a. Development of the general trade situation.

The general downward tendency, already observable during the closing months of 1929, has become more and more apparent since that date. In many of the recent figures the influence of the past winter—a very mild winter—is naturally reflected. But even after complete elimination of the seasonal factors, the picture is decidedly worse than was the case a few months ago.

This applies to nearly all figures of the quantities of production, transport and labour; moreover the general level of prices decreased considerably. On the other hand a distinct and further easing of the money market, which is gradually influencing the capital market, can be observed.

Month	Output of coal (1000 tons)	Output of crude steel (1000 tons)	Index figures of industrial production	Buildings completed (total of buildings)	Number of trucks made available by the Reichsbahn (1000 trucks)	Proceeds from bill stamp duty (in millions of RM)	Weekly wages (first day of the month)		Unemployment (in 1000)	Industrial activity	Insolvencies
			1928 = 100				skilled workers (RM)	unskilled workers (RM)			
1925											
March ..	11,412	1.209	86.5	—	3,042	7.5	38.68	28.93	466	92.7	776
June....	9,891	1,109	85.3	—	2,938	7.8	41.41	30.70	195	95.1	766
Sept. ...	11,355	876	82.7	—	3,240	4.4	43.63	32.34	266	92.8	914
Dec.....	11,367	765	75.6	—	2,784	3.3	44.88	33.27	1,499	70.5	1,660
1926											
March ..	11,424	949	72.5	—	3,154	3.2	45.20	33.59	1,942	67.6	1,871
June....	11,756	976	77.0	1,844	3,261	2.9	45.18	33.59	1,741	73.2	913
Sept. ...	12,876	1,144	83.0	2,092	3,637	2.8	45.26	33.67	1,394	78.7	467
Dec.....	13,783	1,303	90.7	3,291	3,623	3.3	45.51	33.92	1,749	79.3	435
1927											
March ..	14,046	1,416	96.0	2,587	3,888	3.8	46.10	34.31	1,121	85.9	557
June....	11,820	1,328	101.9	2,308	3,709	3.7	48.31	36.18	541	92.1	427
Sept. ...	12,711	1,375	104.4	2,845	4,086	4.0	48.16	36.11	356	93.8	360
Dec.....	13,238	1,372	100.0	4,329	3,811	4.3	48.57	36.49	1,188	84.3	619
1928											
March ..	14,118	1,422	105.0	2,963	4.069	4.7	49.60	37.76	1,011	88.6	791
June ...	11,833	1,297	103.0	2,951	3,844	4.4	51.78	39.50	611	90.6	702
Sept. ...	12,157	1,190	102.2	3,905	4.036	4.3	51.93	39.82	577	89.5	530
Dec.....	11,819	1,091	91.9	4,179	3,404	4.5	52.44	40.45	1,702	78.7	624
1929											
Jan.....	13.490	1,470	95.2	3,037	3.376	4.6	52.53	40.49	2,246	75.7	832
Febr....	12,104	1,270	90.9	1,572	3.072	4.0	52.57	40.54	2,461	72.7	775
March ..	13.502	1,316	99.0	1,586	3.733	4.5	52.58	40.55	1,899	78.3	930
April ...	13,407	1,416	108.4	1,663	3.929	4.7	52.80	40.74	1,126	85.1	885
May....	12,759	1,421	109.1	2.335	3,922	4.4	53.83	41.52	808	86.8	846
June....	13,221	1,431	109.8	2,209	3,934	4.2	53.96	41.63	723	88.8	803
July....	14,362	1,465	104.7	2,822	4.218	4.6	53.96	41.65	711	88.3	845
Aug.....	14,467	1,402	103.3	2,946	4,182	4.1	53.96	41.65	726	88.2	739
Sept. ...	13,480	1,234	101.8	3,858	3,980	3.8	53.96	41.65	749	87.7	657
Oct.....	14,835	1,377	101.4	5.275	4,454	4.0	54.02	41.73	890	86.4	840
Nov.....	14,157	1,287	100.4	5,348	4,131	3.8	54.07	41.78	1,200	82.9	813
Dec.....	13,652	1,156	96.1	5,102	3,431	3.9	54.10	41.80	1,775	75.5	881
1930											
Jan.....	14,398	1,275	95.5	3,832	3,281	3.8	54.10	41.80	2,233	73.6	1,106
Febr....	12,168	1,176	94.6	3,121	2,989	3.5	54.10	41.78	2,379	71.8	1,103
March ..	12,539	1,201			3,416		54.10	41.78	2.053	73.9	1,142
April ...							54.12	41.80	1,761		1,006

The number of unemployed grew steadily from the end of July, 1929, to the end of February, 1930. In spite of the fact that the winter of last year was extraordinarily severe and the winter of this year exceptionally mild, while in addition the number of persons entitled to benefits was to some extent restricted by the Law of October 12, 1929, the maximum figure for unemployment, which in both years was reached at the end of February, this year exceeded the 1929 figure by 33,400 with a total of 2,655,700 for unemployed persons in receipt of basic benefits.

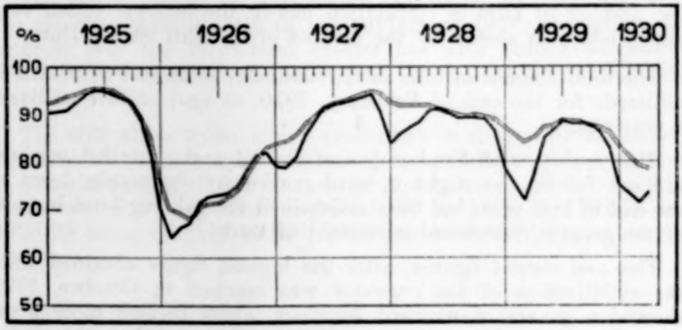
In March and April the figure dropped, but on a less marked scale than in the corresponding months of 1929. The margin in consequence increased very markedly as compared with the previous year. The total number of recipients of basic relief at the end of April, 1930, was 2, 081, 100 or 576, 300 more than on April 30, 1929.

The table includes only the participants in the unemployment insurance. As against the decline in the numbers of these must be set the steady increase during the months specified in the numbers of recipients of emergency relief, which rose to 318,000 as against 158,000 on April 30, 1929. In the former category the seasonal improvement makes itself felt; the emergency relief on the other hand goes mainly to cases of long continued unemployment. The same is true of the recipients of welfare relief the burden of which falls on the communes; at the end of April the number of the latter in cities with more than 25,000 inhabitants was approximately 327,000. Lastly there are also unemployed who draw no relief at all, either because they have not yet been active workers, or because they are still in the legal waiting period, or on other grounds; the number of such unemployed is even larger than that of the recipients of welfare relief.

As in the last Report, it may be recalled that at the same time the number of available workers in Germany has increased each year. The increase in 1929 is put at 376,000, and in 1930 at 406,000.

The Reich Institute for unemployment insurance reckons with a deficit to the amount of ℛℳ 346 millions, assuming an average number of 1,200,000 recipients of benefit, for the year 1930.

Diagram V.
Industrial activity.



— *Industrial activity.*
▬ *Industrial activity, seasonal industries being eliminated.*

Diagram V shows in detail the course of the degree of *industrial activity*. The figure calculated by the Institut für Konjunkturforschung gives the number of full-time employed per 100 trade union members, account being taken of part-time work.

In June, 1929, the basis of calculation was extended, so that the figures are no longer entirely comparable with the former figures; as a result of the new calculation basis, the June figures are approximately 1 point higher than they would have been if calculated on the former basis.

The degree of industrial employment moves in the same direction as production, and at the same time keeps in line with the figures for unemployment. From June, 1929, onwards the figures tended to fall; March, 1930, for the first time reveals some improvement in various industries, which is however purely seasonal.

The index figure for *industrial production* is now calculated on a much wider foundation. The year 1928 has been taken as a basis and the figures for the period down to January, 1924, have been freshly calculated.

Since the maximum was reached in June, 1929, (109.8), the figure has sunk steadily down to February.

As shown by the above figures, *suspensions of payment* have increased greatly during the last few months and have reached the highest level since the winter of 1925/1926. It is worthy of note that, whilst other signs of trade depression appeared at an earlier date, the number of bankruptcies only began to increase in December. In 1929 the proportion of banks in these figures was comparatively large; whilst declared bankruptcies in all undertakings increased by 21 per cent as compared with 1928, the increase in retail concerns was only 14 per cent, in wholesale concerns 29 per cent, but 63 per cent for the banks.

The daily average of *bill protests* was 365 representing an amount of ℛℳ 499,000 in March, 1930, as against a daily average of 354 representing an amount of ℛℳ 532,000 in March, 1929.

The percentual increase is still greater, owing to the fact that the number of bills in circulation has in the interval fallen very appreciably, as shown by the returns of the Bill Stamp Duty.

The total amount of bills in circulation is estimated at ℛℳ 9.85 milliards for the end of February, 1930, as against 11.7 milliards a year ago.

The weekly tariff-fixed *wages* of skilled and unskilled workers did not follow the slight upward movement observable down to the end of last year; but they maintained the existing level in spite of the general downward movement of trade.

The *coal output* figures, after the highest figure obtained since the stabilisation of the currency was reached in October, 1929, showed a general downward tendency which became more acute after February, 1930, owing to trade depression and the mild winter. Pithead stocks increased considerably, and it became necessary to introduce holiday shifts to a great extent.

The *iron and steel output* also shows a fall since October, 1929. The prolongation of the syndicates did not revive business to any great extent. It is true that there was a slight recovery in the output of crude steel in January; but sales nevertheless remained unsatisfactory. The transforming industry also felt the effects of the downward movement. The machinery industry has had to fight against a distinct falling off in foreign orders since the middle of 1929, which led to a reduction of exports in September. In January, 1930, exports however did increase considerably, and the improvement continued during February and March.

As regards the *other branches of industry,* their position is generally considered not satisfactory. The chemical, potash and paper industries make an exception as they are still satisfactorily occupied; the same may be said of the rubber industry. Apart from some branches the position of the textile industry is entirely unsatisfactory. Finally the building industry has suffered from the difficult financial position of the public authorities as well as from the general trade depression, with the result that building credits are only available to a small extent and orders have fallen off greatly.

During the period under report the position of *agriculture* was influenced by the unsatisfactory development of prices for its products and by its credit charge. The Government has developed an agrarian programme which contemplates far-reaching support for agriculture. In partial execution of this programme a Law containing a number of tariff provisions has been voted. The Government is thereby empowered to fix tariff rates for cereals and flour, no maximum or minimum limits having been set; in the case of wheat and rye the rate is to be fixed in such a way as to obtain a certain average annual price. In virtue of this Law the import duty on wheat, which was already raised at the end of March, has again been raised. The liability to mill 50 per cent of German wheat has been extended to the end of May. The system of free import permits is to be expanded.

The credit charge on agriculture, as traced by statistics, sank for the first time slightly in the autumn of 1929; the fall in the interest rate for short-term credits has also helped somewhat, whilst the slackening of the tension on the capital market will have its effect.

The difficulties under which agriculture is struggling are clearly revealed by the increased number of compulsory sales by auction; in 1925-26 roughly 9,600 hectares of agricultural and sylvicultural land were sold compulsorily, the figures for 1926-27, 1927-28 and 1928-29 being roughly 35,900, 37,900 and 50,400 hectares respectively.

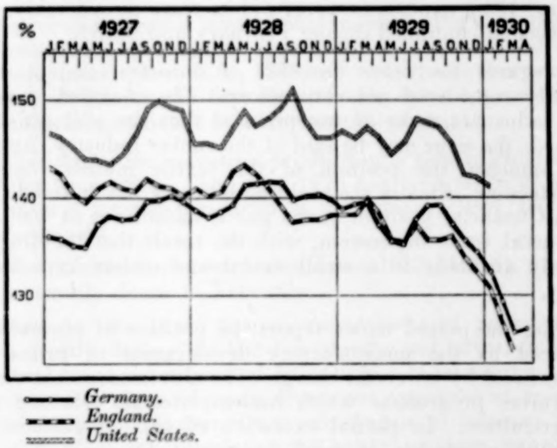
b. Movement of prices.

Diagram VI and Annex I show the indices of the wholesale trade prices in Germany (Statistical Office of the Reich), Great Britain (Board of Trade) and the United States (Bureau of Labor Statistics). In appreciating these index numbers it should always be borne in mind that the curves and figures are comparable in respect of their general trend rather than of their actual amounts.

Diagram VI.

Index numbers of wholesale prices for Germany, England and the United States.

(1913 = 100)



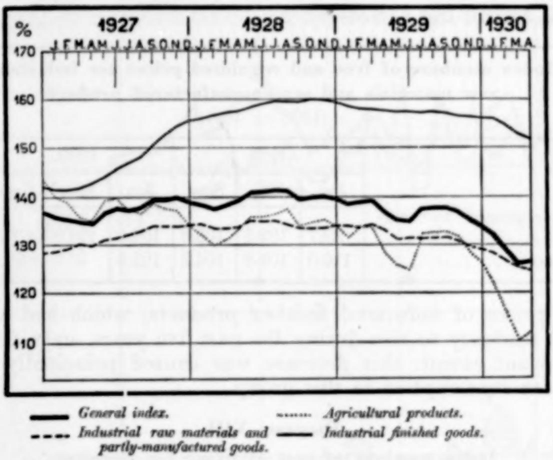
The index numbers show very clearly how the downward tendency, observable since the middle of 1928, has led to a definite fall in prices. The German wholesale index figure, which stood at 138.1 in August and September, 1929, fell to 126.4 in March, 1930. In April the reaction gave way to a very slight increase (to 126.7). The figure for this month as well as those for the two preceding months were nevertheless lower than the lowest point yet reached since stabilisation (131.9 in June, 1926). Apart from colonial produce, which does not play much part in the calculation of the aggregate index number, the increase is confined to agrarian products. The other main groups, from which the index number is made up, fell again in April.

The reasons for this set-back in prices are partly to be found in the internal economic position, but are in the main due to developments on foreign markets, which were powerfully affected by the general set-back of trade throughout the world, the marketing of a number of commodities, the production of which has been greatly increased as a result of technical improvements, being only possible by big reductions of prices, while at the same time the fall of prices in the case of a number of raw materials as a result of overproduction due to the high prices formally prevailing assumed an acute character (e. g. in the case of coffee, rubber, oil, lead, zinc, tin, copper, cocoa, sugar, raw silk). Whether the efforts which are being made artificially to prevent these set-backs of prices will be permanently successful, remains to be seen. Towards the end of March the decline in prices of some raw materials was arrested.

Diagram VII.

Index numbers of German wholesale prices.

(1913 = 100)



As regards the various price categories, out of which the aggregate index number is made up, the fall in prices was strongest in the case of *agrarian products,* the index number of which was in March, 1930 (110) the lowest since 1924. Fodder stuffs fell most, and showed also the biggest revival in April. The prices of grain were maintained for a considerable period in Germany, although the tendency on the world market was all towards a set-back; but in February, 1930, the prices of wheat began to weaken, and at the beginning of March the price of rye followed suit to a considerable extent, owing to the cessation of the purchases in support of the market.

Towards the end of March a slight rise in the price of cereals became noticeable on the world market, which also led to a rise in quotations in Germany, following purchases for future requirements in view of the increased duties. The movement continued, stimulated by the hopes attached to the agrarian programme of the new Government, so that once again prices in Germany are not moving parallel to prices on the world market.

The prices for live-stock and live-stock products have again fallen.

The figure for *industrial raw materials* and *partly manufactured articles* is the lowest since stabilisation. In general the free prices showed the principal set-back, especially the prices for goods determined by foreign markets. Regulated prices remained on an average unchanged until the end of December, 1929, after which they showed for the first time a slight tendency to fall, big reductions having to be made in the case of building materials in face of the abnormal stagnation in the building trade.

In April non-ferrous metals and rubber showed the biggest decline. On the other hand there was an increase in the case of textiles (in connection with the increase of cotton on the world market) and technical oils and fats (owing to the new duty on benzine, benzol and petroleum).

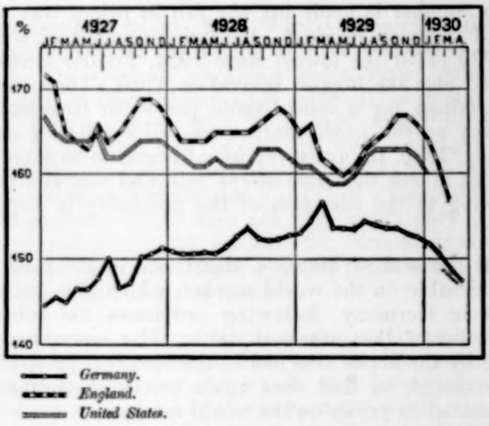
Index numbers of free and regulated prices for industrial raw materials and semi-manufactured products
(1926 = 100)

	1928			1929			1930
	Jan.	May	Sept.	Jan.	May	Sept.	Jan.
Prices regulated by combines	99.7	102.3	103.3	104.6	104.9	105.3	105.0
Free prices	110.0	109.8	104.2	101.9	97.2	96.6	90.4

The prices of *industrial finished products,* which had shown a general tendency to rise during the past five years, only fell to an insignificant extent; this decrease was caused principally by the goods for consumption in this group.

Diagram VIII.

Index numbers of cost of living for Germany, England and the United States.

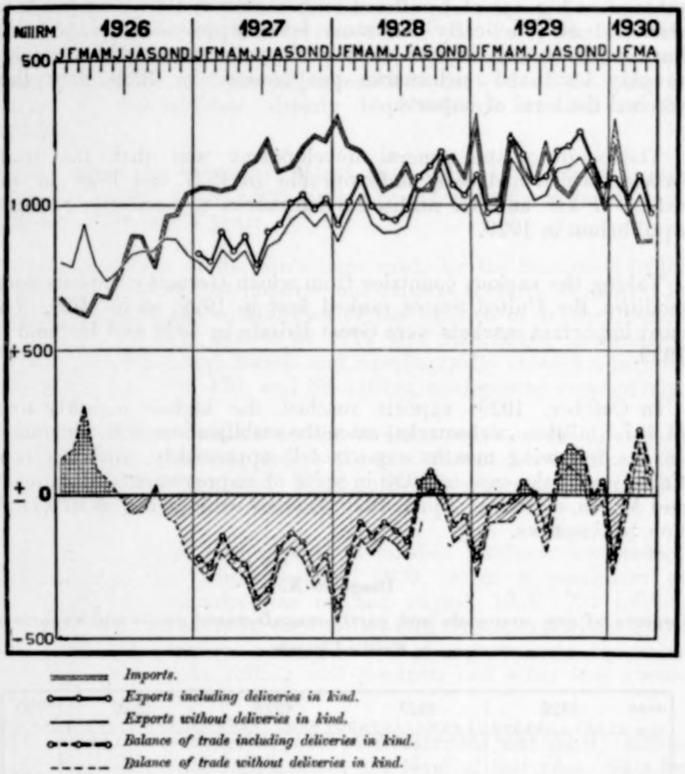


The *index of the cost of living* has been falling since April, 1929; but this downward movement has hitherto remained within very narrow limits (mainly because the cost of rent, heating and lighting has increased), so that the spread between wholesale prices and the cost of living remains considerable.

c. Balance of trade.

Diagram IX and Annex L show the development of import and export figures with the balances, favourable and unfavourable, since the beginning of 1926.

Diagram IX.
Germany's imports and exports.



The diagram is based on figures published by the Statistical Office of the Reich, corrected in accordance with the method adopted by the Office; see the references in earlier Reports.

The appreciable shifting in foreign trade during the last four years is clearly shown in the diagram and the following table:

German imports and exports 1926—1929

Year	Imports	Increase (+) or decrease (—) as compared with previous year	Exports	Increase (+) or decrease (—) as compared with previous year	Import or export surplus
	(in millions of reichsmarks)				
1926	9,701.4	— 2,042.6	10,561.2	+ 1,138.8	+ 859.8
1927	13,801.2	+ 4,099.8	10,954.3	+ 393.1	— 2,846.9
1928 [1]	13,649.5	+ 1,151.7	12,420.6	+ 1,466.3	— 1,228.9
1929 [1]	13,436.0	— 213.5	13,482.7	+ 1,062.1	+ 47.7

[1] The export figures for 1928 and 1929 do not correspond exactly to the annual totals for the figures published every month. The Statistical Office of the Reich subsequently reduced the annual export amounts in these two years by 25.2 and 31.2 million reichsmarks respectively, to correct an inexactitude in the calculation of the export value of agricultural products imported under the system of Einfuhrscheine i. e. "free import permits" (in compensation for equivalent exports).

Whilst, after the big fall of 2 milliard reichsmarks in 1926 as a result of the depressed condition of trade at that time, and the subsequent big rise of 4 milliard reichsmarks in 1927, imports have remained at practically the same level (approximately 13.5 milliard reichsmarks), exports show an increase since 1926 averaging roughly 1 milliard reichsmarks per annum. In 1929 they thus reached the level of imports.

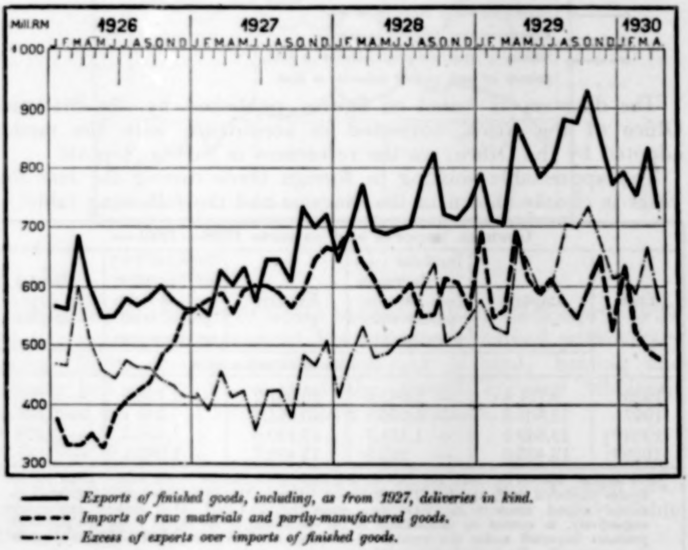
The result of this general development was that the trade balance, which had been unfavourable in 1927 and 1928 to the extent of 2.8 and 1.2 milliard reichsmarks respectively, attained equilibrium in 1929.

Taking the various countries from which Germany imports commodities, the United States ranked first in 1929, as in 1928. The most important markets were Great Britain in 1928 and Holland in 1929.

In October, 1929, exports reached the highest monthly total (1,247.3 million reichsmarks) since the stabilisation of the currency. In the following months exports fell appreciably, and this continued to be the case in 1930 in spite of improvements in January and March, so that in April, 1930, exports were as low as 976.7 million reichsmarks.

Diagram X.

Imports of raw materials and partly-manufactured goods and exports of finished goods.



During the last quarter of 1929 imports remained on an average at the same level as that of the corresponding period of 1928 (approximately 1,100 million reichsmarks per month). The January figures showed the customary rise due to the fact that in this month, in addition to imports proper, the amounts which are derived from the customs adjustments at the end of the year in respect of commodities already imported are entered in the statistics.

The months of February, March and April, 1930, showed with respectively 982, 884 and 888 million reichsmarks the lowest import figures for the last 3 years.

A consideration of the corrections made by the Statistical Office of the Reich shows that imports and exports actually developed in such a way that the equilibrium of the balance of trade attained during the last few months of 1929 was maintained in January, 1930, whilst February, March, and April actually showed a favourable balance of 100, 170, and 89 million reichsmarks respectively.

Special interest attaches to the relation between the figures of imports of raw materials and partly manufactured articles and the figures of finished products. The figures are shown in Diagram X; they are incorporated in Annex M.

Diagram X shows that exports of finished products have indeed fallen appreciably since October, 1929, when a maximum of 923 million reichsmarks was reached (April, 1930: 734 million reichsmarks), but that nevertheless they still remain as a whole above the level of the previous year. The fall in exports more especially affected textile goods, rolling mill products and other iron goods, machinery, furs and fur goods.

On the other hand imports of raw materials and partly manufactured articles have fallen below the level of last year. Side by side with the general downward movement in trade, the big fall in prices which occurred in the interval—more especially for raw materials—is chiefly responsible for this development.

Since imports of finished goods lie during the last few months below the figures for the corresponding period of 1928-29 as opposed to exports, the curve showing the surplus of exports over imports in the case of finished goods is above the previous year's level.

d. Capital transactions with foreign countries.

Capital transactions with foreign countries, which were still further restricted during the second half of 1929, have increased appreciably during recent months. Short-term foreign money was offered continuously at falling rates of interest, in which connection France appears to be playing an increasingly important part. The low level of prices on the German stock exchange did not fail to attract foreign buyers. The amount of the loans placed in foreign countries increased to a considerable extent during the past few months, while at the same time for a variety of reasons there was a considerable movement of capital in the opposite direction.

Attention has often been drawn to the fact that only certain elements of the total volume of capital transactions with foreign countries can be controlled by statistics. The Statistical Office of the Reich usually assembles these available figures into a table showing the German balance of payments; as the balance of payments for 1929 is not yet available (for the figures for 1924-1928, see the last Report), only the figures of loans placed abroad are available for the period under report.

Data in respect of the long-term German loans taken up abroad are given below. The figures represent the nominal amounts of the loans; the amounts actually received by the German economy were in most cases much smaller. Reimbursements, amortisations and repurchases are not taken into account.

Long-term German loans abroad
(nominal amounts in millions of reichsmarks)

Year	Corporations of public law standing	Public undertakings	Mortgage banks	Other undertakings[1]	Total
1924	960.0	—	—	42.0	1,002.0
1925	379.5	259.5	120.1	506.4	1,265.5
1926	343.9	307.2	194.9	708.9	1,554.8
1927	268.8	63.0	515.3	564.6	1,411.7
1928	165.9	428.1	473.7	397.5	1,465.2
1929	31.5	121.9	5.0	190.2	348.6

[1] Including religious bodies.

The above loans are distributed over the individual countries as follows:

Long-term German loans abroad
(nominal amounts in millions of reichsmarks)

Year	Total	United States of America	Holland	Great Britain	Switzerland	Sweden	Other countries
1924	1,002.0	512.4	51.3	250.5	56.6	28.2	103.1
1925	1,265.5	923.0	142.1	122.2	67.9	10.3	—
1926	1,554.8	1,082.7	189.5	142.0	66.2	43.4	31.0
1927	1,411.7	890.4	262.4	152.8	51.9	51.9	2.3
1928	1,465.2	1,017.1	201.7	135.2	57.6	11.8	40.8
1929	348.6	165.8	65.4	56.4	57.5	3.2	0.3
Total	7,047.8	4,591.4	912.4	860.1	357.7	148.8	177.3

Long-term German loans abroad

(nominal amounts in millions of reichsmarks)

Period	Corporations of Public Law standing	Public undertakings	Mortgage banks	Other undertakings 1)	Total
Monthly averages					
3rd quarter 1927	36.2	24.4	75.8	86.8	223.2
4th „ 1927	43.2	—	84.0	61.4	188.6
1st „ 1928	0.7	36.1	46.5	30.8	114.1
2nd „ 1928	31.6	54.8	102.7	56.0	245.1
3rd „ 1928	7.8	26.0	2.7	1.5	38.0
4th „ 1928	15.2	22.7	6.0	47.1	91.0
1st „ 1929	5.6	40.6	1.7	30.3	78.2
2nd „ 1929	—	—	—	24.9	24.9
3rd „ 1929	—	—	—	2.2	2.2
4th „ 1929	—	—	—	2.1	2.1
1st „ 1930	2.8	31.9	—	49.7	84.4
Monthly figures 1928					
August	—	—	4.2	0.4	4.6
September	23.5	73.5	3.8	2.5	103.3
October	—	10.5	7.5	15.6	33.6
November	39.6	24.5	—	103.9	168.0
December..............	6.1	33.0	10.5	21.8	71.4
1929					
January	16.8	9.7	—	0.5	27.0
February	—	112.2	5.0	42.2	159.4
March..................	—	—	—	48.2	48.2
April	—	—	—	1.1	1.1
May.....................	—	—	—	3.5	3.5
June	—	—	—	70.1	70.1
July	—	—	—	1.7	1.7
August.................	—	—	—	2.3	2.3
September	—	—	—	2.7	2.7
October	14.7	—	—	12.4	27.1
November	—	—	—	3.0	3.0
December..............	—	—	—	2.5	2.5
1930					
January	—	—	—	2.9	2.9
February	8.4	9.7	—	138.1	156.2
March..................	—	86.1	—	8.5	94.6
April....................	68.0	19.8	—	15.4	103.2

---

1) Including religious bodies.

The causes which led to stagnation in the influx of fresh foreign credits during the greater part of 1929 are well known. Even after the sudden end of speculation on the New York securities exchange in October and the appreciable reduction in interest rates throughout the world, the volume of new German issues abroad remained very small at first.

In January, 1930, the second Hague Conference put an end to the existing uncertainty in reparation matters, whilst simultaneously the increased liquidity of the international money markets reacted more and more on the capital markets. There was therefore a very distinct improvement in the imports of foreign capital in February, and this improvement has been maintained.

As can be seen from the table, the new issues were restricted almost exclusively to private undertakings; it is true that loans of a semi-official nature are included here, as for example those of the Rheinisch-Westfälisches Elektrizitätswerk A. G. and the Badische Landeselektrizitätsversorgungs A. G.

In regard to the advancing of money in respect of the coming Reich loan for 125 million dollars, forming part of the agreement concluded with the Swedish match concern Kreuger & Toll, details will be found on page 26.

The duration of the activities of the Advisory Board for Foreign Loans has again been provisionally extended until May 31, 1930.

The Statistical Office of the Reich has now published a statement of the *short-term* foreign loans (with a maturity of three years and under); the statement reveals the following movements:

Issue of short-term foreign loans

(nominal amounts in millions of reichsmarks)

Year	Corporations of public law standing	Public enterprise	Private enterprise	Total
1924	—	—	—	—
1925	21.0	—	29.4	50.4
1926	79.8	16.8	21.0	117.6
1927	126.0	—	—	126.0
1928	167.1	—	6.3	173.4
1929	27.3	2.5	—	29.8
Total	421.2	19.3	56.7	497.2

Short-term capital transactions with foreign countries have become entirely free of the tension noticeable in former periods, owing to the unusual liquidity of the international money markets. This improvement is clearly shown in the following figures and is confirmed by the diagram of official discount rates on page 60.

Rates for money at one month in New York, London, Amsterdam and Berlin, and dollar loan quotations in Berlin

Middle of the month	New York	London	Amsterdam	Berlin	
				Money at one month	Dollar loans
1929					
September	8 3/4 — 9	4 1/2	5 1/4	9 — 10 1/2	7 3/8
October	7 1/4 — 7 1/2	5 1/2	4 — 5	9 1/4 — 10 1/2	7
November	6	5	4	8 1/2 — 10	5 3/4
December	4 3/4 — 5	4 1/2 — 4 3/4	3 3/4	9 — 10 1/2	5 3/4
1930					
January	4 1/2 — 4 3/4	4 — 4 1/2	2 — 2 3/16	7 1/2 — 9	5 1/2
February	4 1/4 — 4 1/2	3 1/2 — 3 3/4	2 11/16 — 2 3/4	6 3/4 — 8 1/2	4 7/8
March	3 3/4 — 4	3	2 1/2 — 3	6 1/2 — 8 1/2	5
April	3 3/4 — 4	2 1/2	2 3/4 — 3	5 1/2 — 7	4 1/8

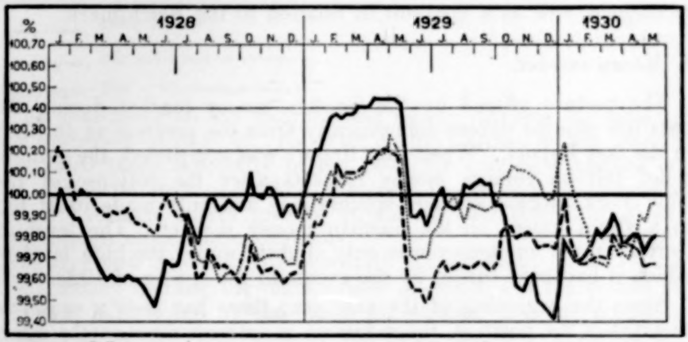
The above figures show that the difference between the rate of interest in Germany and in the various foreign markets has not changed to any great extent, although it has tended recently to decrease.

e. Movements of the foreign exchanges.

Diagram XI shows the movements of the pound sterling and the dollar as from the beginning of 1928. The French franc has also been included as from June 25, 1928, the date on which it was stabilised. The rates are expressed in percentages of parity and can therefore be compared one with another. The figures are given in Annex N.

Diagram XI.

Foreign exchange rates in Berlin (weekly averages in percentages of parity).



The considerable fluctuations of the exchanges during 1929 were considered in the previous Report. When that Report was concluded (December 23, 1929), the pound sterling was quoted appreciably and the French franc slightly under par, whilst the dollar had fallen below the gold import point, so that gold passed from the United States to Germany on several occasions.

Towards the end of the year and in connection with the requirements for the service of foreign loans, there began a distinct upward movement in the foreign exchanges, which brought the pound sterling up to par and the French franc actually over the gold export point on certain days, without however leading to any gold arbitrage dealings between Germany and France. The dollar improved but remained under par.

Shortly after the end of the year, the position was reversed again, and the Reichsmark has continued since that date without a break to be the strongest of the foreign exchanges here under discussion. It was only in the middle of March that it underwent a slight temporary relapse, while the dollar for a very short time went to par.

The changes which have occurred in the interval in the relations of the other foreign currencies are more important. The French franc, which from March, 1929, onwards had generally remained very appreciably above the pound sterling, temporarily lost this position during February and has down to the beginning of April fallen frequently below the gold point in Berlin, which led to various consignments of gold from France. Since that time the quotation of the franc has improved considerably. The pound sterling also repeatedly attained the gold point, which also led to a number of gold consignments from Great Britain to Germany. Since the beginning of April the quotation of sterling is the lowest.

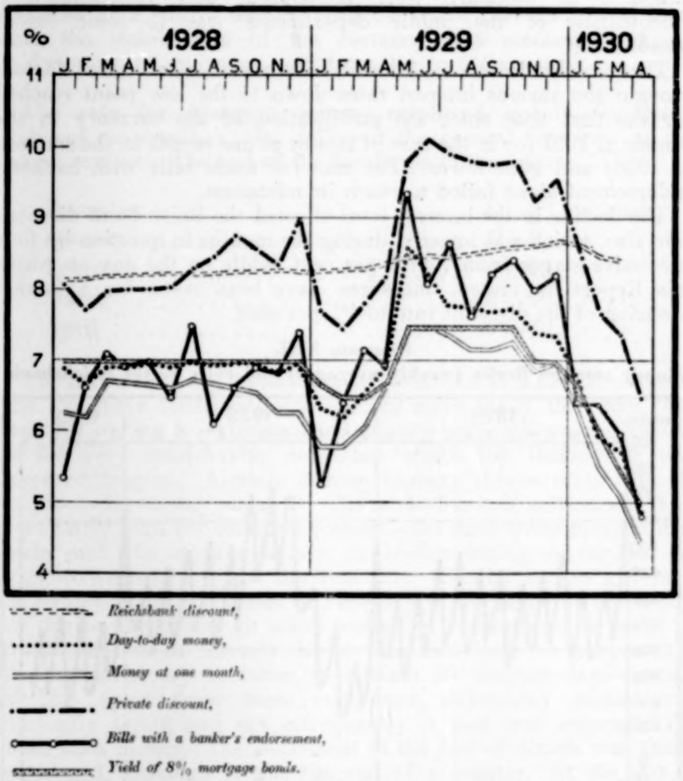
The dollar rate moved in a contrary sense. Whereas, at the end of last year, the dollar was by far the weakest of the foreign currencies mentioned, and even reached such a low level in Berlin as to lead to considerable quantities of gold being shipped across the Atlantic, there followed a gradual but steady improvement as compared with the pound sterling. It is nevertheless, as already mentioned, still at a discount in relation to the Reichsmark.

f. *Money market.*

The picture offered by the German money market during the past few months differs diametrically from the position as outlined in the last Report. When that Report was completed, the general relief felt on foreign money markets after the collapse of the New York Stock Exchange speculations had only made itself felt to a slight extent on the German money market. The level of German rates for money was only slightly under the high level to which it had been forced by the events of the spring of 1929.

Since the beginning of the new year there has been a complete reversal of the position, the reduction in interest rates on the international markets assuming such dimensions as to make it impossible for the resulting abundance not to extend also to the German money market. This was stimulated further by the trade set-back coinciding with the usual seasonal easing of the market in the first two months of the year, as a result of which the requirements of private enterprise fell considerably, while the pressure exercised on the market by the credit requirements of the public authorities was somewhat reduced.

Diagram XII.
Money rates in Berlin (monthly averages).



The abundance on the international money markets has already been discussed on page 49. Its effect on the German money market is revealed more especially in the rates for foreign exchange on loan shown on that page. The reduction in the cost of insurance against exchange losses greatly stimulated the inflow of short-term foreign money into Germany.

January and February are regularly characterised by an easing of the money market, the main causes of which are the return of the funds held liquid by the banks for window-dressing purposes at the end of the year and of the large amounts absorbed by Christmas trade, the small requirements of private enterprise at that period and the simultaneous payments of dividends.

In March the market generally tightens again. That was not, however, the case this year; on the contrary money remained easy throughout the month and was easier still in April. The reason is doubtless to be found in the development of the trade situation.

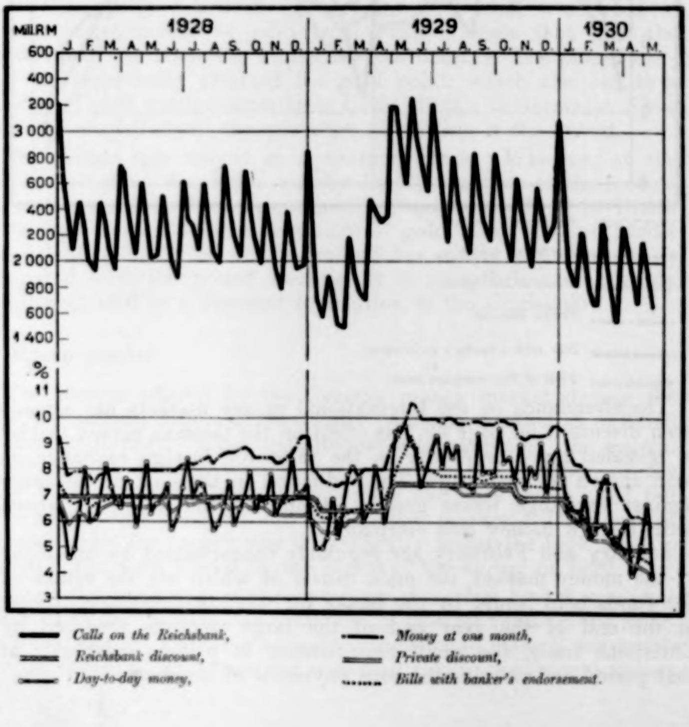
Whilst in December the money market was entirely influenced by the credit requirements of public authorities, the measures taken by the said authorities in connection with the end-of-the year payments lessened the pressure in the coming months. In addition measures of economy were introduced, and the short-term indebtedness of the public departments was to some extent consolidated.

The general decline in interest as a result of all these factors brought the various interest rates down to the low point reached for the first time since the stabilisation of the currency in the winter of 1927 (or in the case of money at one month in the summer of 1926) and even lower. The rate for trade bills with banker's endorsement alone failed to reach its minimum.

The decline in the interest level affected the Reichsbank discount rate also, which was lowered during the months in question by four successive stages from 7 to 5 per cent, while on the day on which this Report is closed, measures have been taken for a further lowering of the discount rate to 4½ per cent.

Diagram XIII.

Money rates in Berlin (weekly averages) and calls on the Reichsbank.



As regards the various rates on the money market, the figures are collected in Annexes L and M and are shown graphically in Diagrams XII and XIII. The following observations may be made on the figures.

Money at one month showed the normal increase in December.

The fall in January was more gradual than in the previous year. At the end of January there was again a slight stiffening of the rate, followed by a steady decline, with the result that the lowest level since the stabilisation of the currency was reached in April. In 4 months the quotation sank from 9¾ to 6¼ per cent.

The rate for *contango money,* employed mainly for stock exchange transactions, also followed the general tendency of the money market. The end of the month quotations were:

December	$8^{3}/_{4}$-$9^{1}/_{4}$	per cent
January	$7^{1}/_{2}$-8	» »
February	$6^{3}/_{4}$-$7^{1}/_{4}$	» »
March	6 -$6^{1}/_{2}$	» »
April	$5^{3}/_{4}$-$6^{1}/_{4}$	» » .

The market for *day-to-day money* developed in a similar manner. The December settlement was effected more easily than had been expected, owing to extensive preliminary preparations and thanks to the very considerable assistance which the Reichsbank was prepared to give. Already during January it was often difficult to place day-to-day money. The end-of-month settlement rates were fairly high for technical reasons—the inadequate preparations made and the reserve shown in re-discounting owing to the expected reduction of the discount rate. Similar factors governed the end-of-month settlement in February in the shape of preference for day-to-day money or loans instead of re-discounts in order to avoid the loss of interest due to the fact that for purposes of discount February is taken to contain 30 interest days instead of 28. Apart from these exceptions, day-to-day money was extremely liquid and not infrequently it was even impossible to place such money. The settlement at the end of March was easily negotiated, although it was the end of a quarter. At the end of April the rates of the market were even lower than the loan rate of the Reichsbank.

The quotation was also reduced several times on the *private discount market;* it was brought down from 7 per cent in December to $3^{7}/_{8}$ per cent in May. These reductions in the private rate were in most cases followed by reductions in the discount rate of the Reichsbank. The customary increases at the end of the month were conspicuous by their absence—another proof of the abundance of money on this market. As is always the case when there is an abundance of money, the private discount market was largely in demand for purposes of investment. The regulating authority

(i. e. the Reichsbank) met the demand by making available a considerable amount of Treasury bills of the Reich. Where Treasury bills were not available—as for example at the middle of February and towards the end of March when the maximum amount permissible (400 millions) was attained—it frequently happened that no business was done at all on this market.

The market for *trade bills with banker's endorsement* was naturally able to profit by the shortage of bills on the private discount market. From February onwards business was particularly active. The quotation sank from $7^7/_8$ per cent at the beginning of September, 1929, to $4^3/_8$ in the middle of May, 1930.

g. Credit situation of the banks.

The following table gives some of the more important figures in the interim and annual balance sheets of the Commerz- und

Date	Cash in hand and balances with issue and clearing banks	Credit balances with banks and banking houses	Cheques, bills and non-interest bearing Treasury bills	Contangoes and loans against Stock Exchange securities	Advances on consigned or bonded goods	Loans and advances on current account	Deposits
Principal Berlin banks							
	(in millions of reichsmarks)						
December 31, 1913	376	363	1,946	859	530	3,372	5,249
January 1, 1924	118	527	46	20	76	581	1,187
December 31, 1924	209	723	944	45	265	1,674	3,530
June 30, 1925	180	686	1,183	73	367	2,483	4,494
December 31, 1925	266	726	1,363	132	479	2,549	4,935
June 30, 1926	155	771	1,528	326	389	2,657	5,279
December 31, 1926	281	874	1,677	765	495	3,113	6,450
June 30, 1927	233	933	1,473	639	614	3,844	6,960
December 31, 1927	358	1,108	2,001	578	853	4,171	8,144
June 30, 1928	246	1,004	2,230	716	1,051	4,527	1,881
August 31, 1928	192	1,012	2,153	674	1,139	4,710	8,961
September 29, 1928	238	1,083	2,328	691	1,177	4,743	9,320
October 31, 1928	223	1,100	2,479	673	1,275	4,807	9,628
November 30, 1928	223	1,148	2,563	690	1,380	4,830	9,895
December 31, 1928	409	1,278	2,732	708	1,527	4,737	10,419
February 28, 1929	218	1,197	2,894	659	1,546	4,944	10,515
March 31, 1929	230	1,240	2,661	655	1,567	5,067	10,492
April 30, 1929	229	1.203	2,385	637	1,540	5,065	10,132
May 31, 1929	229	1,154	2,175	643	1,548	4,967	9,765
June 29, 1929	271	1,231	2,413	634	1,543	4,872	10,036
July 31, 1929	253	1,207	2,408	632	1,555	5,003	10,118
August 31, 1929	209	1,228	2,531	618	1,570	5,034	10,274
September 30, 1929	236	1,253	2,631	605	1,636	5,127	10,571
October 31, 1929	206	1,280	2,657	509	1,692	5,167	10,651
November 30, 1929	193	1,097	2,708	484	1,721	5,320	10,669
December 31, 1929	382	1,171	2,809	496	1,728	5,311	10,975
February 28, 1930	189	992	2,937	494	1,671	5,663	11,003
March 31, 1930	219	1.024	3,018	505	1,664	5,724	11,225

Privatbank, the Darmstädter und Nationalbank, the Deutsche Bank und Disconto-Gesellschaft and the Dresdner Bank, which give an idea of the development of the institutions in question during the period covered by the Report. Some figures from previous years are appended for comparison.

The Reichs-Kredit-Gesellschaft and the Berliner Handelsgesellschaft participate in the regular publication of monthly balance sheets since March, 1928, and August, 1929, respectively. In order not to weaken comparison with the figures for previous years the figures relating to these two banks have not been included in the table.

Movements in the deposits received and total credits accorded by the principal Berlin banks

(in millions of reichsmarks)

Period	Increase (+) or decrease (—) in	
	Deposits received	Credits accorded
1924	+ 2,343	+ 2,205
1925	+ 1,405	+ 1,595
1926	+ 1,515	+ 1,527
1927	+ 1,694	+ 1,553
1928	+ 2,275	+ 2,101
1929	+ 556	+ 640
September 1928	+ 359	+ 263
October 1928	+ 308	+ 295
November 1928	+ 267	+ 229
December 1928	+ 524	+ 241
Monthly average in 1928	+ 189	+ 175
January/February 1929	+ 96	+ 339
March 1929	— 23	— 93
April 1929	— 360	— 323
May 1929	— 367	— 294
June 1929	+ 271	+ 129
July 1929	+ 82	+ 136
August 1929	+ 156	+ 155
September 1929	+ 297	+ 246
October 1929	+ 80	+ 26
November 1929	+ 18	+ 208
December 1929	+ 306	+ 111
Monthly average 1929	+ 46	+ 53
January/February 1930	+ 28	+ 421
March 1930	+ 222	+ 146

1929 was not a very satisfactory year for the German banking world. Although, where comparison with the previous year is possible, turnover increased, the profit has not kept pace with the turnover whilst costs have increased. In the case of several banks the earnings on commissions have declined—a result amongst other things of the smaller amount of stock exchange business transacted. The banks have nevertheless paid the same dividends as last year.

The two previous Reports have already dealt with the events which led to a marked decline in the second quarter of 1929 of the almost uninterrupted expansion of banking business observable since 1924.

and with the gradual recovery which began after the month of June. The lost ground was not altogether recovered until the end of October 1929.

As the increase continued during November and December, the year 1929 taken as a whole finally closed with an increase both in deposits received and credits accorded amounting to half a milliard reichmarks in each case as against more than 2 milliards in 1928.

The following observations may be made with regard to the separate items of the balance sheets of the principal banks.

Apart from the absorption of two private banks by the Deutsche Bank und Disconto-Gesellschaft and the Dresdner Bank respectively, the increase in deposits was due to the release of money following on the decline in trade, as well as to the inflow of short-term foreign money, which found its way for a considerable amount to the banks because of the attraction of the very appreciable difference still existing between German and foreign rates of interest. These influxes have largely exceeded the withdrawals of German money which may have been effected recently with a view to investment in fixed interest-bearing sucurities with a higher yield.

The volume of contango loans and other loans against collateral diminished greatly as a result of the stagnation prevailing on the Stock Exchange throughout the whole of the year 1929. At the end of November it stood at ℛℳ 484 millions, the lowest level since August, 1926. It was not until the last few months that a slight revival was to be observed, but this revival is so far keeping within very narrow limits.

With reference to the credits accorded, the holdings of bills, cheques and non-interest bearing Treasury certificates increased in 1929 by ℛℳ 77 millions (ℛℳ 731 millions in 1928), advances on goods by ℛℳ 201 millions (ℛℳ 674 millions in 1928) and loans and advances by ℛℳ 574 millions (ℛℳ 566 millions in 1928).

During the first three months of the present year loans and advances in particular rose still further (by ℛℳ 413 millions), whilst bills etc. rose by ℛℳ 209 millions. Advances on goods showed a decline. The increase in loans and advances is partly due to the shortage of private discounts and other liquid paper but partly also, as it seems, to a mere reshuffling of the various accounts on the asset side. The increase in bills is particularly due to the fact that the banks in expectation of a further fall in the discount rate and increasing abundance of the market were at pains to keep their portfolios filled. In connection herewith the endorsement liabilities, which had fallen to ℛℳ 963 millions at the end of 1929, fell still further and at the end of March, 1930, amounted only to ℛℳ 752 millions.

The considerable decline in the credit balances with banks and banking houses, which are largely foreign credit balances, is worthy of note. After reaching the maximum figure of ℛℳ 1,280 millions at the end of October, 1929, they sank to ℛℳ 992 millions at the end of February, 1930; at the end of March, 1930, they amounted to ℛℳ 1,024 millions.

Balance sheets of German credit banks as at March 31, 1930

	4 principal Berlin banks	92 credit banks (including 4 principal Berlin banks)	21 State and provincial banks	17 Girozentralen
	(in millions of reichsmarks)			
Cash balances, foreign currency and coupons	134.7	180.8	12.6	12.3
Credit balances with banks of issue and clearing banks	84.4	118.4	16.7	6.8
Cheques, bills and Treasury bills	3,018.0	3,714.8	570.0	221.2
Credit balances with other banks	1,023.7	1,462.3	419.5	430.4
Contango loans and other loans against collateral	505.4	639.1	121.7	29.0
Contango loans only	288.8	331.4	9.1	4.0
Advances on goods	1,663.5	2,220.6	24.6	3.8
Loans and advances on current account, together	5,723.6	7,776.7	1,607.6	1,137.0
amount of the same representing credits to banks	407.5	494.5	266.7	219.6
amount of total covered by Stock Exchange securities	1,367.3	1,692.4	123.2	38.9
amount of total covered by other securities	2,811.5	4,144.2	1,297.1	575.9
amount of total uncovered	1,544.8	1,940.1	187.3	522.2
Share capital	520.0	981.8	113.1	176.3
Reserves	294.5	451.8	44.6	36.6
Deposits, together	11,255.2	14,755.1	2,997.0	2,038.3
(a) Customers' credits with other banks	1,595.7	2,146.8	24.2	2.7
(b) German banks, banking firms, etc.	945.7	1,357.7	1,182.4	1,444.9
(c) Other deposits	8,683.9	11,250.6	1,790.4	590.7
Of b + c the following amounts are payable:				
within 7 days	3,826.8	4,874.5	857.7	855.1
from 8 days to 3 months	5,454.5	6,837.3	1,562.4	966.8
after more than 3 months	348.4	896.5	552.6	213.7
Acceptances	470.4	648.0	18.7	0.1

This reduction is probably due largely to considerations of profit-earning in the light of the easier conditions on the international money markets. The interest on foreign credit balances is very much less than it was, and at the same time the diminished risk no doubt permits of a reduction of the cover for short-term foreign liabilities.

The German acceptance business remained limited as before. Acceptances of the principal banks totalled ℛℳ 473 millions at the end of 1929, as compared with ℛℳ 458 millions at the end of 1928 and 1,520 millions at the end of 1913.

Long-term loans are shown unchanged at ℛℳ 189 millions.

The table on page 57 gives the principal figures of the most recent interim balance sheets of all the banks regularly publishing returns, the banks being classed in four groups. The table clearly shows the respective positions of the private and public banks in Germany. Previous Reports contain similar tables based on the interim balance sheets of March 31, 1928, October 31, 1928, May 31, 1929, and October 31, 1929.

The following table shows the movements of the Reichsbank discount rate and the normal rates of the Association of Berlin Banks and Bankers (Stempelvereinigung) during the period under report; for purposes of comparison a few figures from previous years have been added.

Reichsbank discount rates and normal rates of the Association of Berlin Banks and Bankers

Date	Reichsbank discount	Charges on accomodation in current account	Commission on advances	Charges for accomodation + commission on advances	Interest on daily deposits without commission	Interest spread
	Annual percentage					
August 31, 1924 ..	10	12	6	18	6	12
August 31, 1925 ..	9	11	3	14	5	9
August 31, 1926 ..	6	7	2.4	9.4	3	6.4
August 31, 1927 ..	6	7	2	9	3.5	5.5
August 31, 1928 ..	7	8	2	10	4	6
January 12, 1929..	6.5	7.5	2	9.5	3.5	6
April 26, 1929....	7.5	8.5	2	10.5	4.5	6
June 1, 1929	7.5	9.5	2	11.5	5.5	6
June 30, 1929	7.5	8.5	2	10.5	4.5	6
November 2, 1929.	7	8	2	10	4	6
January 14, 1930 .	6.5	7.5	2	9.5	3.5	6
February 5, 1930..	6	7	2	9	3	6
March 8, 1930....	5.5	6.5	2	8.5	3	5.5
March 25, 1930...	5	6	2	8	2.5	5.5

When the discount rate was reduced by $^{1}/_{2}$ per cent on March 8, 1930, the banks only made a corresponding reduction in the rate for accomodation, leaving the rate for deposits unchanged. Consequently the interest spread, which had remained at 6 per cent since October 5, 1927, diminished to $5^{1}/_{2}$ per cent.

h. Capital market.

The following tables, based on the publications of the Statistical Office of the Reich, show the German internal issues and German loans taken up abroad in the years 1924 to 1929.

Issue of securities in Germany and loans taken up abroad

Period	Issues in Germany			Foreign loans
	Bonds	Shares	Total 1)	
	(in millions of reichsmarks)			
1924	440	148	588	1,002
1925	1080	656	1,736	1,265
1926	3,579	988	4,567	1,555
1927	2,841	1,438	4,337	1,412
1928	2,905	1,339	4,258	1,464
1929	1,553	979	2,551	344

1) The 1927 total of issues in Germany includes ℛℳ 58 millions of foreign securities issued in Germany, the 1928 total includes 14 millions and the 1929 total 19 millions of such securities.

The monthly figures as compared with the quarterly monthly averages of previous years are reproduced on page 60.

The figures give the nominal amounts in the case of loans and the price of issue in the case of shares; amalgamations and contributions other than in cash are not taken into account. There were no conversion loans.

In February, 1930, there have been again bond issues of public undertakings to the amount of 2 million reichsmarks. The total for issues in Germany also includes the foreign securities issued in Germany, of which there were 14 million reichsmarks in November, 1928, and 19 millions in February, 1929. Since February, 1929, there have been no further issues of foreign securities in Germany.

The previous Report recorded a general stagnation on the capital issue market. The stagnation continued at the beginning of the period covered by the present Report, although the mortgage banks succeeded in disposing gradually of a part of the holdings acquired in 1929 in order to support the market, and were able to some extent to increase the circulation of their mortgage bonds and communal bonds. The Reich and the communes were compelled to satisfy their most urgent requirements on the short-term money market or by means of temporary loans from banks or savings banks.

After the turn of the year the position began to improve considerably. As a result of the payment of dividends and the conclusion of the negotiations at The Hague it was possible to float quite considerable issues, and the mortgage banks were able to extend their sale of bonds. The sale of the latter led to a new tightening of the market in February, and the amounts placed

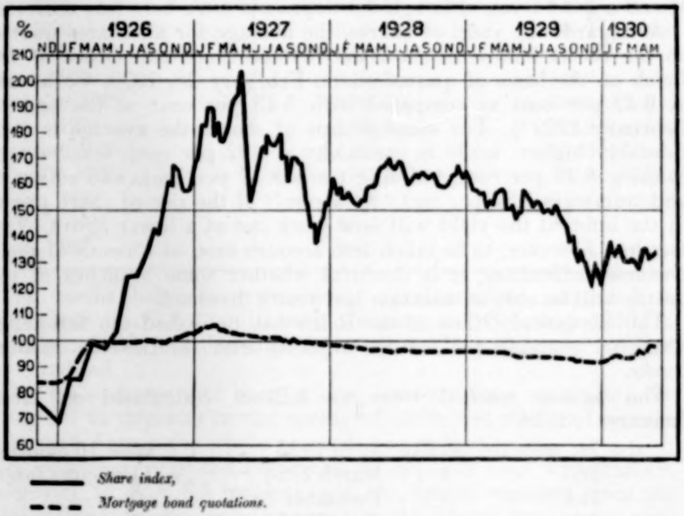
Month	Issues in Germany					Foreign loans
	Bonds			Shares	Total	
	Bodies of public law standing and public undertakings	Mortgage banks	Other private undertakings			
	(in millions of reichsmarks)					
Monthly averages						
3rd quarter 1927 ...	13	107	1	83	204	223
4th » 1927 ...	1	118	1	103	223	189
1st » 1928 ...	95	220	12	67	394	114
2nd » 1928 ...	95	171	28	137	431	245
3rd » 1928 ...	9	124	32	108	273	38
4th » 1928 ...	21	134	30	128	313	91
1st » 1929 ...	39	155	—	119	313	77
2nd » 1929 ...	29	90	1	113	233	25
3rd » 1929 ...	65	64	—	55	184	2
4th » 1929 ...	—	73	1	35	109	11
1st » 1930 ...	17	220	6	73	317	84
Monthly figures: 1928						
September	16	112	77	71	276	103
October	42	143	1	120	306	34
November	15	116	—	170	301	168
December..........	8	142	76	95	321	71
1929						
January	34	236	—	227	497	27
February	63	115	—	77	274	155
March	19	115	—	53	187	48
April	5	150	1	124	280	1
May...............	—	69	—	129	198	4
June..............	73	61	3	85	222	70
July	55	84	1	45	185	2
August............	55	62	—	76	193	2
September.........	84	45	—	44	173	3
October	—	66	—	36	102	27
November	—	59	—	39	98	3
December	—	95	3	29	127	2
1930						
January	—	155	1	163	319	3
February	47	178	18	34	277	156
March				24		95
April				45		103

declined. In the meantime the abundance of money on the money market had so much increased that it gradually began to affect the capital market, particularly when, in conjunction with the repeated lowering of the discount rate, the deposit rates of the banks rapidly dropped. Since the middle of March there has been a considerable recovery on the market for fixed interest bearing securities. The banking syndicates were able to liquidate their entire holdings of communal bonds with a currency of several years (Berlin, Frankfurt, Dresden, Breslau). The quotations of mortgage bonds and communal bonds rose considerably and the mortgage banks were not only able to place the whole of their old holdings but were also able to undertake important new issues. On the industrial securities market quotations also rose and, as the figures show, it has recently once more been possible to undertake considerable issues.

Share issues were made chiefly for the account of electrical undertakings: January: Rheinisch-Westfälisches Elektrizitäts Werk A. G. 62 million ℛℳ, Preußische Elektrizitätswerke A. G. 25 million ℛℳ, Energieversorgung Groß-Dresden A. G. 9 million ℛℳ February: Energie- und Verkehrs-A. G. Zwickau 7 million ℛℳ, Elektrizitäts-Gesellschaft Fulda A. G. 3.8 million ℛℳ.

Diagram XIV.

Weighted share index and quotations of an 8 per cent representative mortgage bond on the Berlin Stock Exchange.



On the *Stock Exchange* the downward movement of share prices, which began in the middle of 1928, was accentuated from the middle of August, 1929, onwards. The origins of this tendency were dealt with in the previous Report. After the turn of the year the downward movement was arrested and a slight rise set in. Here again the chief causes of the recovery were the increased liquidity of the money market at home and abroad, the conclusion of the reparation negotiations at The Hague and the agreements connected therewith for the participation of the Reichsbahn and the Reichspost in the international mobilisation loan; further causes were the increased foreign purchases on the German Stock Exchanges and the greater firmness of the fixed interest bearing securities market as a result of the investment of interest payments. The rise of share prices was, however, soon arrested. The prevailing confusion with regard to the finances of the Reich, the internal negotiations and discussions on the acceptance of the New Plan and the decline of trade had an unfavourable effect upon the Stock Exchange. The continued liquidity of the money market was only partly able to counteract this tendency.

Towards the middle of March share prices began to rise again. The laws relating to the Hague Conference were passed by the Reichstag on March 12, and the financial situation improved. Concentration in the shipping industry and the maintenance of the dividends of the principal banks created a favourable impression and the reappearance of foreign buyers stimulated activity on the Stock Exchange.

Although since then some less favourable tendencies have made themselves noticeable, in particular the non-appearance of the normal seasonal revival of trade, quotations have in general risen still further owing to the abundance of money. This applies more especially to the bond market, but the share market has also maintained a good level, although developments were here less uniform.

As regards the yield of shares, the average for all shares quoted on the Berlin bourse as calculated by the Statistical Office of the Reich on the basis of quotations on February 28, 1930, works out at 6.42 per cent as compared with 5.43 per cent at the end of February 1929 [1]). For some groups of shares the average is considerably higher: trade in commodities 8.32 per cent, textiles and clothing 8.31 per cent, building trade 8.12 per cent, and railways and tramways 7.84 per cent. As a result of the rise of share prices in the interval the yield will now work out at a lower figure. The fact has, however, to be taken into account that, as a result of their business difficulties, it is doubtful whether some branches of industry will be able to maintain last year's dividend.

The Statistical Office of the Reich has published the following statement showing the *savings deposits with the German savings banks.*

The figures reached were as follows (calculated as from January 1, 1924):

the	1st	milliard ℛℳ	in	April 1925	i. e.	after 16	months	
»	2nd	»	»	March 1926	»	11	months	later
»	3rd	»	»	December 1926	»	9	»	»
»	4th	»	»	June 1927	»	6	»	»
»	5th	»	»	January 1928	»	7	»	»
»	6th	»	»	July 1928	»	6	»	»
»	7th	»	»	December 1928	»	5	»	»
»	8th	»	»	May 1929	»	5	»	»
»	9th	»	»	December 1929	»	7	»	» .

---

[1]) The average for the end of the year works out as follows:

1913	5.87	per	cent
1927	4.44	»	»
1928	4.99	»	»
1929	6.58	»	»

In judging the savings figures it has to be remembered that a part of the deposits represent a shifting of capital (revalorisation of savings deposits) and are derived on an increasing scale from accrued interest; that is to say they do not represent new deposits in the strict sense of the word.

Deposits with the savings banks

Month	Total at the end of month	Increase during the month
	(in millions of reichsmarks)	
August 1928	6,256.2	178.2
September 1928	6,408.1	151.9
October 1928	6,587.0	178.7
November 1928	6,767.2	180.2
December 1928	6,989.7	222.4
January 1929	7,416.3	422.7
February 1929	7,655.3	239.2
March 1929	7,827.9	171.5
April 1929	7,958.5	130.0
May 1929	7,998.9	40.2
June 1929	8,190.1	191.2
July 1929	8,316.0	125.9
August 1929	8,466.2	149.7
September 1929	8,595.7	129.3
October 1929	8,722.6	126.9
November 1929	8,827.4	104.6
December 1929	9,015.6	188.2
January 1930	9,358.8	343.2
February 1930	9,547.9	189.1
March 1930	9,637.2	89.3

The credit balances representing revalorisation amounted to approximately *RM* 15 millions in January and February 1930; in December, 1929, and January, 1930, *RM* 175 millions of interest were credited.

The table shows that there was a recovery very soon after the falling off in deposits in the spring of 1929, but that the increase of deposits has on the whole proceeded at a slower rate.

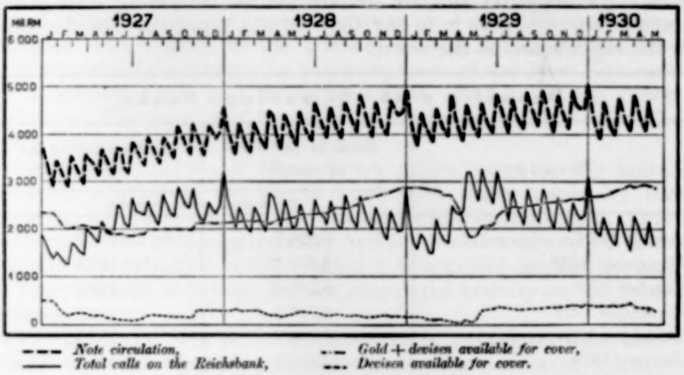
In December 1929 the net excess of deposits over withdrawals, amounting to *RM* 8,5 millions, was the lowest recorded since the stabilisation. In the ensuing months the figure was again considerably higher.

i. Discount and credit policy of the Reichsbank.

The previous Report described how, shortly after the uneasy period of April-May 1929, the position of the Reichsbank became easier and how—when the collapse of speculation on foreign stock exchanges had led to a pronounced liquidity on the international money markets—the Reichsbankdirektorium was able to follow the example of foreign banks of issue and to reduce the discount rate on November 2, 1929, from $7^{1}/_{2}$ to 7 per cent.

Diagram XV.

Note circulation, note cover and credits of the Reichsbank.



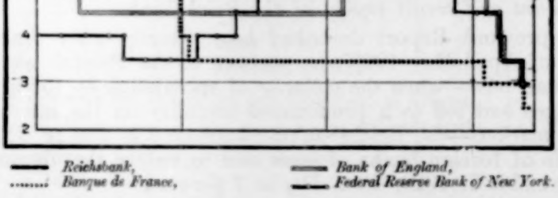
Since then the improvement in the position of the Reichsbank has continued. The gold and devisen holdings have grown almost without interruption and on March 22, 1930, reached a new record figure with a total of 2,942.4 million *RM*. On May 15, 1930, the gold and devisen holdings aggregated 2,875.5 million *RM*.

At the same time the calls upon the Reichsbank showed a general tendency to decline. The bill holdings in particular diminished, dropping from 2,860.0 million *RM* on May 31, 1929 (the highest figure for last year) to the low figure of 1,504.1 million *RM* on March 22, 1930.

The note circulation maintained approximately the level of the previous year.

Diagram XVI.

Discount rates.



Accordingly the cover percentage rose gradually. Since July, 1929, it has been above 50 per cent and on March 22, 1930, it reached the high figure of 71.6 per cent.

The progressive improvement in the position of the Reichsbank enabled the Bank to adjust itself to the easing of the money market at the beginning of 1930, to which reference has already been made, and to follow the example of various foreign centres in the reduction of the discount rate. By progressive stages the Reichsbank has reduced its discount rate from 7 to 5 per cent, and measures are taken to introduce a further reduction to $4^{1}/_{2}$ per cent.

The first reduction of the rate from 7 to $6^{1}/_{2}$ per cent was decided on January 13, 1930 and took effect on January 14. Simultaneously the rate for loans was reduced from 8 to $7^{1}/_{2}$ per cent. At the meeting of the Central Committee the Chairman gave the following reasons for the step:

> "The improvement in its position enabled the Reichsbank to reduce its discount rate from $7^{1}/_{2}$ to 7 per cent on November 2, 1929. Despite the continued improvement of the position on the international money markets, the special conditions on the German money market—particularly the larger requirements at the end of the year and the persistent heavy calls upon the market by the public authorities—did not at first permit of a further reduction of the discount rate.
>
> Since the end of the year settlement repayments to the Reichsbank have been thoroughly satisfactory. The total capital investments of the Reichsbank (i. e. the bill holdings, including Treasury bills of the Reich, loans and securities), which aggregated 2,494 million ℛℳ on November 7, 1929, when the discount rate was last reduced and increased to 3,191 million ℛℳ by December 31, 1929, by January 7, dropped to 2,538 million ℛℳ and by January 11, to 2,280 million ℛℳ. The note circulation of the Reichsbank and the total circulation of media of payment showed a corresponding decline: the note circulation rose from 4,550 million ℛℳ on November 7, 1929, to 5,044 million ℛℳ on December 31, 1929, and then dropped to 4,605 million ℛℳ on January 7, 1930, and to 4,375 million ℛℳ on January 11. The total volume of media of payment in circulation was 6,093 million ℛℳ on November 7, 1929, rising to 6,622 million ℛℳ on December 31, and falling to 6,125 million ℛℳ on January 7, 1930, and to 5,887 million ℛℳ on January 11. The holdings of gold and devisen eligible as cover increased during the period November 7, 1929, to January 7, 1930, by approximately 100 million ℛℳ (from 2,596 to 2,688 millions) so that the combined gold and devisen cover of the notes rose from 57.0 to 58.4 per cent. Since then it has risen to a little over 60 per cent.
>
> The general level of interest rates in other important countries showed a further tendency to fall in the present year. Accordingly the spread between internal and foreign interest rates remains large enough, even after the reduction

> of the Reichsbank discount rate, to prevent capital being attracted out of the country by higher interest rates, so long as developments on the international money markets proceed in a normal manner.
>
> There can be no doubt that the reduction of the discount rate brings a much needed relief to the German economy in its struggle against the prevailing depression. In the interest of the business community it appeared advisable and legitimate to override the objections based on the general situation still prevailing, and to venture immediately upon a reduction of the discount rate on the proposed scale."

As from February 5, 1930, the discount rate was further reduced from 6$^{1}/_{2}$ to 6 per cent and the rate for loans from 7$^{1}/_{2}$ to 7 per cent.

In explanation of this step the President of the Reichsbank made the following statement:

> " The satisfactory development of the Reichsbank returns enabled the Bank after the end of the year settlement to reduce the discount rate from 7 to 6$^{1}/_{2}$ per cent. In view of the general situation at that time the reduction was limited to $^{1}/_{2}$ per cent. Since then the situation has to some extent grown clearer. The tendency of interest rates in the other important countries to fall continues, so that a further reduction of the Reichsbank discount rate by $^{1}/_{2}$ per cent in continuation of the policy adopted three weeks ago still leaves a spread between our interest rates and those of the principal foreign money markets, calculated to prevent foreign funds from being attracted to other countries. In the circumstances the Reichsbankdirektorium believes that the discount rate should again be reduced by $^{1}/_{2}$ per cent in the interests of the German business community, which is so severely afflicted by the prevailing depression, although the essential factors in the further development of the German money market cannot as yet be estimated with complete certainty.
>
> The Reichsbank returns of January 31, show the larger calls to be expected at the settlement. The total capital investments (i. e. the bill holdings including Treasury bills of the Reich, loans and securities) which aggregated 3,191 million *RM* at the end of December, 1929, aggregated 2,315 million *RM* at the end of January, 1930. The total circulation of media of payment at the end of January aggregated 6,151 million *RM* as compared with 6,622 millions on December 31, 1929. In almost all branches of business the calls upon the Reichsbank considerably exceed the figures of last year, despite the continuance of the trade decline; capital investments on January 31, 1929, aggregated 1,978 million *RM* as against 2,315 millions on January 31, 1930; the circulation of media of payment at the end of January 1930 exceeded that of January 31, 1929, despite the fall of prices in the interval, by roughly 75 million *RM*. Nevertheless the position of the Bank permits of the proposed reduction of the discount rate, particularly as the prevailing economic situation makes

> it unnecessary to reckon with larger monetary requirements on the part of the business community in the near future, while the public authorities may be expected to devote serious attention to the reform of the finances."

On March 7, 1930, the Reichsbankdirektorium decided to reduce the discount rate as from March 8, from 6 to $5^{1}/_{2}$ per cent and the rate for loans from 7 to $6^{1}/_{2}$ per cent.

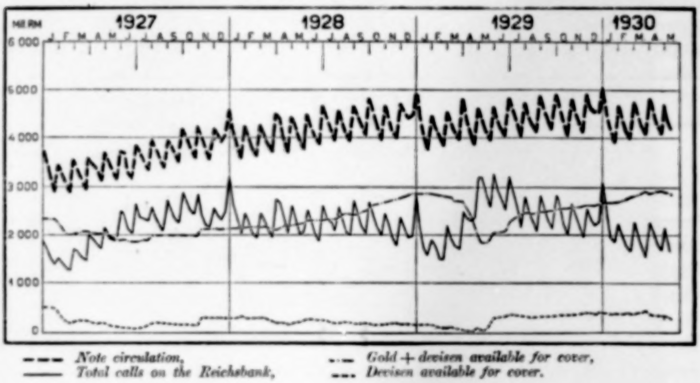
At the meeting of the Central Committee on March 7, the President of the Reichsbank justified this step as follows:

> " The position of the Reichsbank has continued to develop on the same lines. The calls upon the Bank, as expressed in the volume of capital investments in commercial bills, Treasury bills of the Reich, loans and securities, have dropped from 3,191 million ℛℳ at the end of 1929 to 2,315 millions at the end of January and continue at approximately this moderate level with 2,382 millions at the end of February. The circulation of Reichsbank and Rentenbank notes shows the same tendency, having dropped from 5,441 million ℛℳ at the end of December, 1929, to 5,026 millions at the end of January and 5,087 millions at the end of February, 1930. Whereas (as these figures show) the customary seasonal decline in the calls upon the Bank has not been accentuated since the last reduction of the discount rate on February 4, the influx of gold and devisen has increased considerably during the last few weeks. From 2,687 million ℛℳ at the end of December, 1929, the Bank's holdings of gold and devisen available for cover have risen to 2,694 million ℛℳ at the end of January and since then by a further 134 millions to a total of 2,828 millions at the end of February, 1930, so that the cover of the notes by gold and devisen on those dates rose form 53.3 per cent to 57.9 per cent and 59.9 per cent respectively.
>
> As repayments to the Bank during the first few days of March have proved satisfactory, simultaneously with a further increase in the gold holdings, and as during the last few weeks the situation has on the whole grown easier both on the internal money market and on the principal foreign markets, the Reichsbankdirektorium considers it advisable to undertake a further reduction of the discount rate to the extent of $^{1}/_{2}$ per cent. Admittedly the customary seasonal economic recovery, which is to be hoped for in the spring, may be expected to entail a larger demand for credit. But, in view of the prevailing depression, this consideration does not appear to justify us in depriving the business community of the relief which the present position of the Bank and conditions on the German and foreign money markets render possible for the time being."

On March 24, 1930, the Reichsbankdirektorium again reduced the rates: the discount rate was lowered as from March 25, from $5^{1}/_{2}$ to 5 per cent and the loan rate from $6^{1}/_{2}$ to 6 per cent.

Diagram XV.

Note circulation, note cover and credits of the Reichsbank.



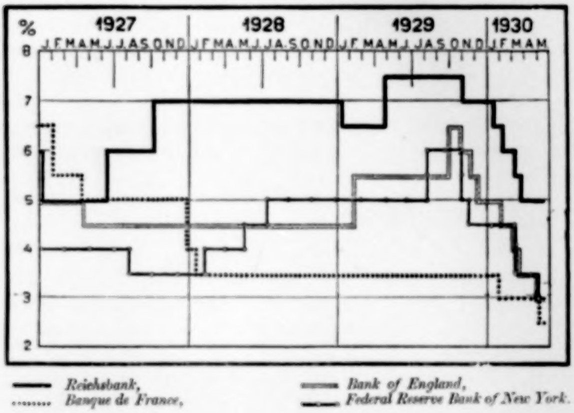
Since then the improvement in the position of the Reichsbank has continued. The gold and devisen holdings have grown almost without interruption and on March 22, 1930, reached a new record figure with a total of 2,942.4 million *ℛℳ*. On May 15, 1930, the gold and devisen holdings aggregated 2,875.5 million *ℛℳ*.

At the same time the calls upon the Reichsbank showed a general tendency to decline. The bill holdings in particular diminished, dropping from 2,860.0 million *ℛℳ* on May 31, 1929 (the highest figure for last year) to the low figure of 1,504.1 million *ℛℳ* on March 22, 1930.

The note circulation maintained approximately the level of the previous year.

Diagram XVI.

Discount rates.



Accordingly the cover percentage rose gradually. Since July, 1929, it has been above 50 per cent and on March 22, 1930, it reached the high figure of 71.6 per cent.

The progressive improvement in the position of the Reichsbank enabled the Bank to adjust itself to the easing of the money market at the beginning of 1930, to which reference has already been made, and to follow the example of various foreign centres in the reduction of the discount rate. By progressive stages the Reichsbank has reduced its discount rate from 7 to 5 per cent, and measures are taken to introduce a further reduction to $4^{1}/_{2}$ per cent.

The first reduction of the rate from 7 to $6^{1}/_{2}$ per cent was decided on January 13, 1930 and took effect on January 14. Simultaneously the rate for loans was reduced from 8 to $7^{1}/_{2}$ per cent. At the meeting of the Central Committee the Chairman gave the following reasons for the step:

> "The improvement in its position enabled the Reichsbank to reduce its discount rate from $7^{1}/_{2}$ to 7 per cent on November 2, 1929. Despite the continued improvement of the position on the international money markets, the special conditions on the German money market—particularly the larger requirements at the end of the year and the persistent heavy calls upon the market by the public authorities—did not at first permit of a further reduction of the discount rate.
>
> Since the end of the year settlement repayments to the Reichsbank have been thoroughly satisfactory. The total capital investments of the Reichsbank (i. e. the bill holdings, including Treasury bills of the Reich, loans and securities), which aggregated 2,494 million ℛℳ on November 7, 1929, when the discount rate was last reduced and increased to 3,191 million ℛℳ by December 31, 1929, by January 7, dropped to 2,538 million ℛℳ and by January 11, to 2,280 million ℛℳ. The note circulation of the Reichsbank and the total circulation of media of payment showed a corresponding decline: the note circulation rose from 4,550 million ℛℳ on November 7, 1929, to 5,044 million ℛℳ on December 31, 1929, and then dropped to 4,605 million ℛℳ on January 7, 1930, and to 4,375 million ℛℳ on January 11. The total volume of media of payment in circulation was 6,093 million ℛℳ on November 7, 1929, rising to 6,622 million ℛℳ on December 31, and falling to 6,125 million ℛℳ on January 7, 1930, and to 5,887 million ℛℳ on January 11. The holdings of gold and devisen eligible as cover increased during the period November 7, 1929, to January 7, 1930, by approximately 100 million ℛℳ (from 2,596 to 2,688 millions) so that the combined gold and devisen cover of the notes rose from 57.0 to 58.4 per cent. Since then it has risen to a little over 60 per cent.
>
> The general level of interest rates in other important countries showed a further tendency to fall in the present year. Accordingly the spread between internal and foreign interest rates remains large enough, even after the reduction

> of the Reichsbank discount rate, to prevent capital being attracted out of the country by higher interest rates, so long as developments on the international money markets proceed in a normal manner.
>
> There can be no doubt that the reduction of the discount rate brings a much needed relief to the German economy in its struggle against the prevailing depression. In the interest of the business community it appeared advisable and legitimate to override the objections based on the general situation still prevailing, and to venture immediately upon a reduction of the discount rate on the proposed scale."

As from February 5, 1930, the discount rate was further reduced from $6^1/_2$ to 6 per cent and the rate for loans from $7^1/_2$ to 7 per cent. In explanation of this step the President of the Reichsbank made the following statement:

> " The satisfactory development of the Reichsbank returns enabled the Bank after the end of the year settlement to reduce the discount rate from 7 to $6^1/_2$ per cent. In view of the general situation at that time the reduction was limited to $^1/_2$ per cent. Since then the situation has to some extent grown clearer. The tendency of interest rates in the other important countries to fall continues, so that a further reduction of the Reichsbank discount rate by $^1/_2$ per cent in continuation of the policy adopted three weeks ago still leaves a spread between our interest rates and those of the principal foreign money markets, calculated to prevent foreign funds from being attracted to other countries. In the circumstances the Reichsbankdirektorium believes that the discount rate should again be reduced by $^1/_2$ per cent in the interests of the German business community, which is so severely afflicted by the prevailing depression, although the essential factors in the further development of the German money market cannot as yet be estimated with complete certainty.
>
> The Reichsbank returns of January 31, show the larger calls to be expected at the settlement. The total capital investments (i. e. the bill holdings including Treasury bills of the Reich, loans and securities) which aggregated 3,191 million ℛℳ at the end of December, 1929, aggregated 2,315 million ℛℳ at the end of January, 1930. The total circulation of media of payment at the end of January aggregated 6,151 million ℛℳ as compared with 6,622 millions on December 31, 1929. In almost all branches of business the calls upon the Reichsbank considerably exceed the figures of last year, despite the continuance of the trade decline; capital investments on January 31, 1929, aggregated 1,978 million ℛℳ as against 2,315 millions on January 31, 1930; the circulation of media of payment at the end of January 1930 exceeded that of January 31, 1929, despite the fall of prices in the interval, by roughly 75 million ℛℳ. Nevertheless the position of the Bank permits of the proposed reduction of the discount rate, particularly as the prevailing economic situation makes

> it unnecessary to reckon with larger monetary requirements on the part of the business community in the near future, while the public authorities may be expected to devote serious attention to the reform of the finances."

On March 7, 1930, the Reichsbankdirektorium decided to reduce the discount rate as from March 8, from 6 to 5¹/₂ per cent and the rate for loans from 7 to 6¹/₂ per cent.

At the meeting of the Central Committee on March 7, the President of the Reichsbank justified this step as follows:

> "The position of the Reichsbank has continued to develop on the same lines. The calls upon the Bank, as expressed in the volume of capital investments in commercial bills, Treasury bills of the Reich, loans and securities, have dropped from 3,191 million ℛℳ at the end of 1929 to 2,315 millions at the end of January and continue at approximately this moderate level with 2,382 millions at the end of February. The circulation of Reichsbank and Rentenbank notes shows the same tendency, having dropped from 5,441 million ℛℳ at the end of December, 1929, to 5,026 millions at the end of January and 5,087 millions at the end of February, 1930. Whereas (as these figures show) the customary seasonal decline in the calls upon the Bank has not been accentuated since the last reduction of the discount rate on February 4, the influx of gold and devisen has increased considerably during the last few weeks. From 2,687 million ℛℳ at the end of December, 1929, the Bank's holdings of gold and devisen available for cover have risen to 2,694 million ℛℳ at the end of January and since then by a further 134 millions to a total of 2,828 millions at the end of February, 1930, so that the cover of the notes by gold and devisen on those dates rose form 53.3 per cent to 57.9 per cent and 59.9 per cent respectively.
>
> As repayments to the Bank during the first few days of March have proved satisfactory, simultaneously with a further increase in the gold holdings, and as during the last few weeks the situation has on the whole grown easier both on the internal money market and on the principal foreign markets, the Reichsbankdirektorium considers it advisable to undertake a further reduction of the discount rate to the extent of ¹/₂ per cent. Admittedly the customary seasonal economic recovery, which is to be hoped for in the spring, may be expected to entail a larger demand for credit. But, in view of the prevailing depression, this consideration does not appear to justify us in depriving the business community of the relief which the present position of the Bank and conditions on the German and foreign money markets render possible for the time being."

On March 24, 1930, the Reichsbankdirektorium again reduced the rates: the discount rate was lowered as from March 25, from 5¹/₂ to 5 per cent and the loan rate from 6¹/₂ to 6 per cent.

At the meeting of the Central Committee the reduction was explained as follows:

> "The position of the Reichsbank has been still further alleviated since the last reduction of the discount rate from 6 to $5^1/_2$ per cent on March 8. Even after March 15, the position continued to grow easier. This is due to the trade decline at home and to easier monetary conditions on the principal foreign markets, which have resulted in further reductions of the discount rate in foreign centres during the last few weeks. In the circumstances the Reichsbankdirektorium considers—despite certain objections to an unduly rapid and pronounced cheapening of money in view of the conditions prevailing on the German money market—that a further reduction of $^1/_2$ per cent in the discount rate has now become permissible. In the light of the economic situation the impending quarterly settlement and the seasonal recovery, which is to be hoped for, are not likely to entail unexpected calls upon the Reichsbank.
>
> German public opinion must grasp the fact that a rate of 5 per cent is not in conformity with conditions on the internal money and capital markets, and that it is chiefly the compulsion of low rates abroad (import of gold, etc.) which obliges us to follow the example of foreign money markets."

On the day on which this Report is closed, steps have been taken for a further lowering of the discount rate to $4^1/_2$ per cent.

j. Gold and devisen policy of the Reichsbank.

As indicated in previous Reports, the Reichsbank has steadily adhered to the principle, which it has in practice accepted, of meeting any and every demand at rates below the gold export points. To purchasers it has been in the habit of giving only devisen. The gold shipments to foreign countries, which have been a consequence of the foreign exchange position, have on each occasion been made by the Bank itself, and have been for the purpose of replenishing its foreign exchange holdings.

There was, however, no legal obligation on the Reichsbank to exchange its notes for gold coin, gold bars or devisen at its option, pending a combined decision to that effect by the Reichsbankdirektorium and the General Council.

As stated above, such a decision has in the interval been taken, and came into force at the same time as the New Plan.

The German currency is now therefore, legally as well as actually, on a gold basis, and Germany is thus once more one of the gold standard countries.

As regards the purchase of gold, the Bank continues to be prepared to take the metal at all its branches at the minimum price fixed in the Bank Law of *ℛℳ* 2,784.

As stated in the Reichsbank's report for the business year 1929, the total holdings of devisen at the end of 1929 amounted to 812.2 million ℛℳ as compared with 528.3 millions on December 31, 1928. The total was made up as follows:

	(in millions of reichsmarks) 1928	1929
Credit balances in foreign currencies (of which 154,0 in 1928 and 401.0 in 1929 were shown as "available as cover for the note issue")	155.8	413.2
Foreign notes	1.3	2.5
Foreign bills and cheques	371.2	396.5
	528.3	812.2

Concluding observations.

In the series of these reports the present is the eleventh and last. Altogether the reports cover a period of some five and a half years, during which time very important and far-reaching changes have taken place alike in the general economic situation of Germany and in the position of the Reichsbank.

When on October 11, 1924, the Experts' Plan came into force, Germany was still to a very marked degree under the influence of the losses and disturbances of the inflation.

A great shortage of essential stocks of supplies, not merely in industry but also in the homes of wide masses of the people, devaluation and deterioration of plant as a result of mistaken sinking of capital, inadequate renewals and exhaustive operation, and a deplorable lack of liquid capital — such were the characteristics of the position at that time. The Reichsbank discount rate of 10 per cent had no relation to the far higher level of interest which actually prevailed, and was maintained artificially only by means of rigorous restriction of credits. The extent to which the economic equilibrium had been shattered was shown clearly by the prices prevailing for commodities and services. Wages were far below the international level. The total circulation was barely ℛℳ 3.5 milliards, or less than 60 per cent of what it now is.

One of the lasting services of the Experts' Plan was that it contributed largely to strengthen confidence in and outside Germany in the maintenance of the value of the German currency and the economic recovery of Germany.

Foreign capital, at long and short term, started to find its way to Germany, and German capital which had left the country began little by little to return.

Interest rates of 20 per cent and more were soon a thing of the past. A general process of adjustment set in. Wages began to move upwards, and everywhere the effort was made to replace the stocks which had been exhausted. The result was very soon apparent in a marked improvement in the economic situation. Various measures of the public authorities, above all the great efforts made to relieve the shortage of dwellinghouses, also helped to stimulate this movement.

The favourable situation, fostered by the concentrated but in part non-recurrent internal requirements of the country, could not last. In the second half of 1925 a reaction had already begun, which in 1926 culminated in an acute depression lasting over the first months of 1927. The interest rate, which had remained around 10 per cent, fell rapidly so that the Reichsbank was able at the beginning of 1927 for a short time to reduce its discount rate to as low a figure as 5 per cent.

The depression brought home to the German business world the urgent necessity, in the interest of the position of German production not only on the home market but above all on the foreign market, of a thorough reorganisation and rationalisation of the machinery of production, accompanied in many cases by a drastic policy of amalgamations. These measures were taken in hand vigorously, with the help of foreign credits, and towards the beginning of 1927 the export of manufactured articles began to show an increase which has continued almost without interruption. From a monthly average of about ℛℳ 550 millions the total rose to about ℛℳ 850 millions in the last few months of 1929.

At the outset it was the rationalisation itself, pushed energetically forward, which did much to help the revival of trade. But from 1927 onwards it was no longer a question, as in the two preceding years, of a purely German trade movement. On the contrary the connection with the international trade situation became every day clearer. The movement of share quotations on the German stock exchanges, which also was at first due almost exclusively to German factors, was evidence of this development.

The period from 1927 to about the autumn of 1929 was in general marked by steady progress and consolidation under the influence of the favourable conditions referred to. Not only exports but the whole volume of production exhibits a continuous and progressive development, apart from passing fluctuations due to seasonal influences and disturbances such as the big lock-out in the iron and steel industry in November 1928. The wage level continued to rise, if at a gradually decreasing rate. The entire national income, which in 1925 was estimated at some ℛℳ 54 milliards, was put in 1929 at ℛℳ 69 to 72 milliards.

It is obvious that all branches of the national economy did not have an equal share in the favourable conditions of the period. This is true in great part of agriculture which had to contend continuously with great difficulties.

The circumstances which led to a reaction in the autumn of 1929, were primarily international.

The tension on the international money and capital markets, which was a consequence of the continually increasing stock exchange speculation, especially in the United States, was bound to affect more especially a debtor country like Germany. In fact the increase of the rate of interest for short-term credit, intensified by the events of April and May, assumed serious dimensions, while at the same time it was for all practical purposes impossible to place new German bond loans in foreign countries. The public authorities, whose financial position as a result of increased expenditure had already deteriorated appreciably as compared with the first few years after stabilisation, were on these grounds compelled to restrict considerably the support which they had hitherto lent, by assistance to the building of dwellinghouses and otherwise, to the general trade situation.

Trade conditions were already recessive when with the abrupt collapse of quotations on the American stock exchanges in October a world wide depression set in, much intensified by the marked fall in the general price level. The German economy had its full share of this depression.

At the moment in which this report is concluded, the position shows little or no signs of improvement. The current tension on the foreign money markets indeed was quick to relax; but, owing to the incertainty as to the results of The Hague Conferences and the very heavy cash requirements of the Reich, the German market did not reflect this movement until a few months later. The fall in wholesale prices has slowed down recently.

There can be no doubt that wages have shown the greatest resistance to the prevailing depression. The level reached in the second half of 1929 has been maintained entirely, at any rate in the case of wages governed by wage agreements, as to which figures are available. For skilled labour this level represents a somewhat higher real income than before the war while in the case of unskilled workers there is an increase of as much as 20 per cent.

The aggregate volume of production on the other hand has declined appreciably, and the same is true of earnings, as the increase in insolvencies shows.

The depression is especially apparent in the very serious increase in the figures of unemployment. These figures show in fact an increase ever since 1928 in spite of the favourable trade conditions which then prevailed—as a result of the inability of industry to absorb the whole of the supply of new labour—a consequence in part of the labour-saving effected by rationalisation. This increase was markedly intensified by the prevailing depression, and according to the latest figures the number of recipients of basic unemployment relief is over 2 millions and the total number of unemployed over 3 millions. There will shortly be a set-back to the increase of the total number of workers in Germany as a result of the reduction in the number of births during the war. But this circumstance cannot alter the fact that the unemployment is at the present time one of the gravest economic problems with which Germany is confronted.

Another serious problem remains the capital problem. An improvement has no doubt been apparent of late in as much as the placing of new loans in foreign countries has again become possible and the German capital market is beginning slowly to have its share in the general improvement. It is moreover anticipated that the international loan which is shortly to be placed under the New Plan will foster this tendency to easier conditions. But the dominant feature of the situation is still the inability of the German formation of capital to satisfy the capital requirements of the country. Undoubtedly in this respect also the position is more satisfactory than it was. The formation of capital inside Germany in previous years showed in general an increase, whereas the capital requirements are becoming more normal. The Reich, the States and the communes have been obliged to restrict their capital expenditure. Nevertheless at the close of the period now ending Germany is indebted to foreign countries to an amount which is estimated, for long and short term credits taken together, at some *RM* 15 milliards.

As against this indebtedness there is no doubt of a considerable equivalent in the shape of new and in the main productive assets, which have beyond question played their part in the marked increase in the export figures, which is responsible for the existing favourable balance of trade. The balance of payments has benefited accordingly—another proof of the better relation between capital formation and capital requirements within Germany to which allusion has been made. It is not however possible to foretell the moment at which the balance of payments (saddled as it is with the service and amortisation of the foreign loans incurred as well as with the reparation payments) can attain equilibrium without further import of capital. Until this moment arrives, the German economy will have to support the burden of a high interest level—a burden especially heavy in times of depression and increased international competition.

It is this circumstance of the foreign indebtedness of Germany which more than anything else has lent its character to the policy of the Reichsbank during the period just elapsed.

The knowledge that the foreign indebtedness was not merely continually growing but was also to a very great extent in the form of short-term credits, compelled the Bank to practise a policy of great prudence and continual vigilance. An increased margin of cover was required; and it made the replenishment of the gold and devisen holdings, which on October 15, 1924, amounted together only to *RM* 818 millions, one of the most important functions especially of the initial years. The object aimed at has in general been fully attained. The reichsmark has been for the greater part of the time one of the strongest of international currencies. The cover shown in the returns has always exceeded the legal minimum of 40 %. The actual reserve position of the Reichsbank has as a rule been even stronger, since the item "Bills" includes foreign bills, often to a considerable amount, the currency of which exceeds the fourteen days prescribed as the maximum currency for cover devisen, but which are for the most part convertible without difficulty into immediately available foreign exchange.

The dangers of this one-sided indebtedness were especially apparent during the months of April and May of last year, when large amounts of short-term credits were suddenly withdrawn from Germany, and for a moment it seemed as though confidence in the German currency had begun to falter. The gold and devisen holdings fell in a few weeks by more than *RM* 500 millions, and the percentage of cover dropped on May 7, to 41 per cent. Effective intervention in the shape of a general restriction of credit was required in order to arrest this development and to restore confidence. The efforts made were completely successful within a short space of time, and the credit restrictions could be withdrawn a little while afterwards.

For the rest the credit policy of the Reichsbank during the period has of course been governed by a number of factors, the significance of which has varied in accordance with trade conditions and other influences. Two constant factors, however, there have been which have continuously influenced the policy pursued—namely the striving for a lower rate of interest and the effort to foster the restoration of more normal conditions on the money market.

The efforts to lower the rate of interest led in February 1925, when the restriction of credit imposed in 1924 was still fully operative, to a reduction in the discount rate to 9 per cent, and shortly afterwards to the gradual elimination of the credit restrictions as soon as circumstances allowed. Many later measures of the Reichsbank should be regarded in the same light, though the Bank itself was under no illusion as to the limitations of its powers in this connection. That its efforts were not confined to the rates for short-term money is shown inter alia by the action of the Golddiskontbank in taking over in 1926 a large block of 3—5 year mortgage bonds.

Both factors were also decisive in determining the attitude of the Reichsbank to the question of the public moneys, the amounts of which—especially in the years 1925 to 1927—were so considerable as to exercise a predominant position on the money market. The principle put forward by the Reichsbank and ultimately accepted for the most part by the quarters concerned was that a proper employment of public money makes necessary concentration of the investment operations involved with the Reichsbank. At the outset the Bank placed considerable amounts of bills from its own portfolio at the disposal of the Reich as a form of investment for these funds; but later this business was done by the Reichsbank on a commission basis. The powers of the Golddiskontbank to allow interest on deposit proved very useful in this connection. As a result of the marked change in the cash position of the Reich and of a number of semi-public bodies the significance of these public moneys has much declined in recent years.

The efforts to restore more normal conditions on the money market are also apparent in the continued endeavour of the Reichsbank to develop and expand the private discount market. That these efforts have up to the present had comparatively little success, and that the supply of private discounts is still small, the Reichsbank being as a rule the principal purchaser, is due to a number of circumstances originating partly in the present structure of the German credit system. It is a fact that a sound and normal private discount market, such as to a certain extent existed in Germany before the war, is of the utmost importance not only for the efficient and elastic organisation of the money market, but also as a basis for the operations of the Reichsbank and as an important indicator of the interest and credit policy which it should follow.

The position of the Reichsbank is today as favourable as it has been at any time during the last five and a half years. Its holdings of gold and cover devisen almost attain the maximum reached on March 22, 1930, while its bill holdings have largely decreased. The proportion of cover is 68.5 per cent. The discount rate is 5 per cent and the necessary steps have been taken to effect a further decrease to $4^1/_2$ %. The legal convertibility of the notes has been restored. The position would indeed be satisfactory in every respect, were it not primarily—as is so often the case with central banks—a symptom and a result of the business depression which prevails.

With the coming into force of the New Plan the participation of the foreign members of the General Council of the Reichsbank and the functions of the author of this report as Commissioner with the Bank come to an end. It is a pleasure to record that during the whole period the Management and the other organisations of the Bank have given cordial and effective cooperation in the execution of the work of the General Council and the Commissioner.

G. W. J. BRUINS.

Annex A.

Reichsbankdirektorium

Dr. Hans Luther, President.
Sir Charles Addis,
Prof. Dr. G. Bachmann,
Prof. Dr. G. W. J. Bruins,
A. Callens,
Carlo Feltrinelli,
Gates W. McGarrah,
Dr. Louis Hagen,
Franz von Mendelssohn,
Hans Remshard,
Charles Sergent,
Franz Urbig,
Max M. Warburg,
Oscar Wassermann.

Commissioner of the Reichsbank

Prof. Dr. G. W. J. Bruins.

Reichsbankdirektorium

Dr. Hans Luther, President,
F. Dreyse, Vice President,
A. Budczies,
Dr. B. Bernhard,
O. Seiffert,
Dr. W. Vocke,
Dr. C. Friedrich,
R. Fuchs,
P. Schneider.

Annex B. **Translation**

Law of March 13, 1930, to amend the Bank Law
(Reichsgesetzblatt 1930 II No. 7 of March 19, 1930, page 355)

The Reichstag has adopted the following law, which, with the assent of the Reichsrat, is hereby promulgated.

Section 1.

The Bank Law of August 30, 1924, (RGBl. II page 235) shall be amended as follows:

I.

In Article 5 paragraph 1 the words " provided always that such original capital shall not be less than 300 million reichsmarks" shall be omitted.

Paragraph 2 of article 5 shall be cancelled.

II.

Article 6 paragraph 4 shall read as follows:

> The President shall be elected by the General Council after the latter has heard the Reichsbankdirektorium. Such election requires a majority of 7 votes and the confirmation of the President of the Reich, who signs the deed of appointment. By the delivery of the deed the President elected is duly appointed.

Paragraph 5 of article 6 shall be cancelled.

The present paragraph 6 of article 6 shall read as follows:

> The members of the Reichsbankdirektorium shall be appointed by the President after approval by the General Council. The same majority is required for such approval as for the election of the President. The appointment requires confirmation by the President of the Reich. The members are duly appointed by delivery of the deed of confirmation. The appointment shall be for a term of twelve years, subject always to the condition that on attaining the age of 65 years, a member shall cease to hold office.

The present paragraph 9 of article 6 shall be supplemented by the following passage:

> Approval shall be considered as refused if two thirds of the members have voted against the new candidate.

The present paragraph 10 of article 6 shall be supplemented by the following passage:

> The dismissal of the President or of a member of the Reichsbankdirektorium requires confirmation by the President of the Reich.

III.

Article 12, paragraph 2 shall read as follows:

The General Meeting shall also determine the Statutes and any changes in the Statutes on the proposal of the Reichsbankdirektorium and with the consent of the General Council. The Statutes and any changes therein shall be published by the Reichsbankdirektorium in the "Reichsanzeiger".

IV.

Article 14 shall read as follows:

A General Council of the Reichsbank shall be constituted consisting of 10 members. These members must be German nationals.

V.

Article 15 shall read as follows:

The President of the Reichsbankdirektorium shall be one of the members and also Chairman of the General Council.

The term of office of a member of the General Council with the exception of the President shall be three years.

VI.

Article 16 shall read as follows:

The members of the General Council, with the exception of the President, shall be elected by means of co-option by those members of the General Council who are in office at the time, subject to confirmation on the part of such of the shareholders as are German nationals. Before the election the Chairman of the General Council or his deputy shall consult the Government of the Reich concerning the election.

VII.

Article 17 shall read as follows:

The following classes of persons shall not be elected as members of the General Council:

a) officials in the immediate service of the German Reich, or of any German State, unless they are in a permanent state of retirement,

b) persons who receive any payment from the German Reich Government, or from the Government of any German state. Remuneration for earlier services does not count as payment.

VIII.

Article 18 shall read as follows:

Decisions of the General Council require a simple majority; if the votes are equally divided the Chairman has a casting vote. This provision does not apply to the election of the President, neither does it apply to the assent to be given to the appointment of the members of the Reichsbankdirektorium.

At each of its meetings and at least once in three months, the General Council shall examine the reports submitted to it by the President. It shall decide on all proposals made to it by the President, provided that such decisions do not encroach upon the rights of administration of the Bank reserved to the Reichsbankdirektorium.

IX.

Article 19 shall be deleted.

X.

In the last sentence of article 21 subsection 3b beginning " the following securities being deemed available in the same way as the said debentures: viz. the bonds to bearer of German Public Land Credit Institutes ......" the word " Land " shall be deleted.

Article 21 subsection 3c shall read as follows:

> On the security of interest-bearing bonds to bearer or bonds to bearer (maturing within a year) of the Reich or of a German State or of a German communal corporation or on the security of interest-bearing bonds to bearer of which the interest is guaranteed by the Reich or by a German State, the amount lent not to exceed three-quarters of the market value of such securities.

Article 21 subsection 3 last paragraph shall be deleted.

The following concluding paragraph shall be inserted at the end of article 21:

> All functions or obligations imposed under the New Plan of The Hague Agreement of 20th January 1930 either on the central banks in general or on some of them in particular will devolve in Germany on the Reichsbank. All functions or obligations imposed under the New Plan either on the Presidents of the central banks in general or on some of them in particular will devolve in Germany on the President of the Reichsbankdirektorium.

XI.

Article 24 shall be supplemented by the following paragraph 2:

> The Bank is entitled to acquire or to sell shares of the Bank for International Settlements and to guarantee their subscription.

XII.

Article 25 paragraph 2, in the second sentence the words " at the end of any business year" shall be replaced by "on the 15th July of each year".

XIII.

Article 26 paragraph 1, the second sentence shall be deleted.
Paragraph 2 of Article 26 shall be deleted.

XIV.

Article 27 paragraphs 1—3 shall read as follows:

> The preparation and completion, the issue, the withdrawal and the destruction of bank notes shall be effected under the control of the President of the "Rechnungshof of the German Reich" as Commissioner.
>
> The checking of the issue of notes shall be effected by numerically ascertaining the available note cover as prescribed by law. The examination shall take place on those days for which the Bank, according to Article 36 paragraph 1, regularly publishes its returns. The reports as to such examination must be submitted to the General Council at each of its meetings. No examination or discussion concerning the credit, discount, and currency policy of the Bank shall take place in connection with the checking.
>
> Statements as to the cover of notes and as to the notes in circulation must be given to the Commissioner daily.

XV.

Article 38 paragraph 4 shall read as follows:

> While the note issue privilege is in force, the Reichsbank may only go into liquidation with the consent of the Government of the Reich. Thereafter, the Reichsbank shall before going into liquidation give notice to the Government in good time.

XVI.

1. Article 39: the words from "to a fine" to the word "..... reichsmark" shall be modified as follows: "To a fine of from five thousand to one hundred thousand reichsmarks".

2. Article 41:

a) paragraph 1: the word "knowingly" shall be deleted;

b) paragraph 2: the words from "to a fine" to the word "..... Reichsmark" shall be modified as follows: "to a fine of from five thousand to one hundred thousand reichsmarks".

XVII.

Articles 42 and 43 shall be deleted.

XVIII.

Article 44, subsection 10, both paragraphs shall be deleted.

Section II.

Members of the Reichsbankdirektorium as well as German members of the General Council, in office at the time of the coming into operation of this law, shall remain in office. The duration of their term of office is governed respectively by the provisions of Article 6, paragraph 6 and of Article 15, paragraph 2 of the Bank Law of August, 30, 1924.

As regards their first term of office the new members joining the General Council after this law comes into force, shall be distributed amongst the three pre-existing groups of German members. The first meeting of the General Council taking place after this law comes into force shall decide upon the distribution amongst the several groups by lot.

Section III.

The amendment of the provisions of § 37 with regard to the distribution of profits to take effect for the first time for the business year 1930 is reserved for special legislation.

Section IV.

The date on which the present law will come into force will be determined by the Government of the Reich.

Berlin, March 13, 1930.

The President of the Reich
von Hindenburg
The Finance Minister of the Reich
Moldenhauer
For the Minister of the Reich for Economic Affairs:
The Finance Minister of the Reich
Moldenhauer

Annex C.

Procedure for the modification of certain provisions of the German Bank Law.

(Annex Va to The Hague Agreement of January 20, 1930.)

Any proposal which may affect the provisions of Annex V must be submitted by the German Government to the Board of Directors of the Bank for International Settlements.

The Board may object to any such proposal, on the ground that it is incompatible with the New Plan, by referring the question within a period of two months, in the absence of an agreement being reached, to an arbitrator chosen by common consent, or, in default of such consent, to the Tribunal provided for in the present Agreement. The decision of the arbitrator or Tribunal shall be final and will bind the Reich, the Bank for International Settlements and the States signatory to the present Agreement.

This procedure applies to the articles 1, 2, 3, 6, 9 (paragraph 1), 10, 12, 14, 15, 16, 17, 18, 21 (last paragraph), 22, 25, 27, 28, 29, 31, 38 (paragraph 4), 45 and 46, of the Bank Law in the wording which they will bear after the putting into force of the New Plan.

Annex D. **Translation.**

Proclamation regarding the redemption of the Reichsbank notes of April 17, 1930.

(Published in Reichsgesetzblatt 1930 Part II page 691)

The Reichsbankdirektorium has issued the following proclamation, which is hereby published in accordance with § 52 of the Bank Law of August 30, 1924.

Berlin, April 17, 1930.

The Minister of the Reich for Economic Affairs
for the Secretary of State:
Posse.

The Finance Minister of the Reich
for the Secretary of State:
Ernst.

Proclamation

regarding the redemption of the Reichsbank notes.

In accordance with § 52 of the Bank Law of August 30, 1924 (Reichsgesetzblatt II page 235) the Reichsbankdirektorium and the General Council of the Reichsbank have unanimously resolved to put § 31 of the Bank Law in force.

This resolution will come into force at the same time as the New Plan.

Berlin, April 15, 1930.

Reichsbankdirektorium
Luther. *Dreyse.*

Translation.

Annex E.

Decree of May 19, 1930, on the coming into force of the Law for the Amendment of the Bank Law.

In virtue of Article IV of the Law of March 13, 1930, for the Amendment of the Bank Law (Reichsgesetzblatt II, page 355) it is hereby decreed:

The Law of March 13, 1930, for the Amendment of the Bank Law (Reichsgesetzblatt II, page 355) comes into force as from May 17, 1930.

Berlin, May 19, 1930.

The Minister for Economic Affairs of the Reich
H. Dietrich.
The Finance Minister of the Reich
Moldenhauer.

Annex F.

Means of payment in circulation[1]

(in millions of reichsmarks)

Date	Reichsbank notes in circulation	Notes of the Private Banks of Issue in circulation	Rentenbank notes in circulation	Divisional coins in circulation	Total circulation of means of payment
October 15, 1924...	1,396.7	—	1,790.4	352.3	3,539.4
August 31, 1925 ...	2,594.6	186.5	1,712.6	512.1	5,005.8
August 31, 1926 ...	3,225.1	168.6	1,260.0	666.3	5,320.0
August 31, 1927 ...	3,934.7	184.7	1,007.2	740.2	5,866.8
August 31, 1928 ...	4,673.0	186.6	570.1	909.3	6,339.0
August 31, 1929 ...	4,897.3	181.9	431.7	990.1	6,501.0
September 7, 1929 .	4,602.6	178.9	405.0	982.3	6,168.8
September 14, 1929	4,411.7	180.1	403.0	972.2	5,967.0
September 23, 1929	4,202.0	178.2	390.4	963.1	5,733.7
September 30, 1929	4,914.3	181.1	432.7	1,007.7	6,535.8
October 7, 1929 ...	4,686.8	179.6	401.0	994.6	6,262.0
October 15, 1929 ..	4,349.5	177.8	384.9	977.9	5,890.1
October 23, 1929 ..	4,110.5	176.1	367.1	962.4	5,616.1
October 31, 1929 ..	4,833.0	183.3	407.1	1,019.8	6,443.2
November 7, 1929..	4,550.4	180.0	377.3	985.4	6,093.1
November 15, 1929	4,346.4	181.2	384.4	972.4	5,884.4
November 23, 1929	4,162.5	179.0	367.6	963.6	5,672.7
November 30, 1929	4,916.5	182.6	394.1	1,022.3	6,515.5
December 7, 1929..	4,684.0	181.4	368.7	986.1	6,220.3
December 14, 1929	4,588.9	182.3	376.7	979.2	6,127.1
December 23, 1929	4,579.0	182.6	381.9	985,0	6,128.5
December 31, 1929	5,043.7	183.9	396.7	997.7	6,622.0
January 7, 1930....	4,604.7	178.2	362.3	977.6	6,122.7
January 15, 1930...	4,187.0	173.6	356.0	945.6	5,662.3
January 23, 1930...	3,952.6	173.6	346.0	927.4	5,399.5
January 31, 1930...	4,653.2	180.7	372.9	957.5	6,164.5
February 7, 1930...	4,381.0	177.5	351.9	952.6	5,863.0
February 15, 1930..	4,166.4	174.9	336.5	938.7	5,616.4
February 22, 1930..	4,004.6	172.3	323.9	929.8	5,430.6
February 28, 1930..	4,722.4	182.7	365.3	961.8	6,232.2
March 7, 1930.....	4,480.2	179.4	338.1	959.2	5,957.0
March 15, 1930....	4,266.0	179.6	337.2	944.6	5,727.4
March 22, 1930....	4,109.2	177.6	319.9	933.8	5,540.4
March 31, 1930....	4,805.6	184.2	362.3	972.4	6,324.5
April 7, 1930......	4,567.4	182.9	336.2	977.1	6,063.5
April 15, 1930.....	4,308.7	180.1	325.5	961.8	5,776.1
April 23, 1930.....	4,109.9	177.8	309.0	951.4	5,548.0
April 30, 1930.....	4,664.2	183.3	362.4	973.9	6,183.9
May 7, 1930	4,403.7	179.0	330.3	969.6	5,882.6
May 15, 1930	4,196.3	176.6	318.5	954.1	5,645.4

---

[1] For the weekly figures from October 15, 1924, until August 31, 1929, vide the relative Annexes of the previous Reports.

Annex G.

Cover for Reichsbank notes[1])

(in thousands of reichsmarks)

Date	Cover according to § 28a			Cover according to § 28b Bills and cheques	Total cover
	Gold holdings	Devisen available for cover	Total		
October 15, 1924	613,625	204,541	818,166	2,153,943	2,972,109
August 31, 1925	1,138,361	357,458	1,495,819	1,764,980	3,260,799
August 31, 1926	1,492,818	497,606	1,990,424	1,251,509	3,241,933
August 31, 1927	1,852,671	157,309	2,009,980	2,661,635	4,671,615
August 31, 1928	2,248,130	194,908	2,443,038	2,603,908	5,046,946
August 31, 1929	2,183,440	308,059	2,491,499	2,634,523	5,126,022
September 7, 1929	2,183,343	320,296	2,503,639	2,472,576	4,976,215
September 14, 1929	2,186,351	322,757	2,509,108	2,239,648	4,748,756
September 23, 1929	2,192,006	326,631	2,518,637	2,116,670	4,635,307
September 30, 1929	2,212,044	335,139	2,547,183	2,528,284	5,075,467
October 7, 1929	2,211,960	349,566	2,561,526	2,408,871	4,970,397
October 15, 1929	2,211,819	352,267	2,564,086	2,082,373	4,646,459
October 23, 1929	2,218,953	353,885	2,572,838	1,981,491	4,554,329
October 31, 1929	2,229,123	358,960	2,588,083	2,449,983	5,038,066
November 7, 1929	2,229,010	366,665	2,595,675	2,319,469	4,915,144
November 15, 1929	2,234,039	369,017	2,603,056	2,060,235	4,663,291
November 23, 1929	2,236,223	389,669	2,625,892	1,917,762	4,543,654
November 30, 1929	2,240,352	397,223	2,637,575	2,367,930	5,005,505
December 7, 1929	2,244,653	398,784	2,643,437	2,263,037	4,906,474
December 14, 1929	2,247,145	390,781	2,637,926	2,090,752	4,728,678
December 23, 1929	2,264,664	405,737	2,670,401	2,156,470	4,826,871
December 31, 1929	2,283,116	403,587	2,686,703	2,607,703	5,294,406
January 7, 1930	2,283,832	403,824	2,687,656	2,369,881	5,057,537
January 15, 1930	2,283,777	397,672	2,681,449	1,893,771	4,575,220
January 23, 1930	2,286,458	399,849	2,686,307	1,807,138	4,493,445
January 31, 1930	2,297,050	397,094	2,694,144	2,027,865	4,722,009
February 7, 1930	2,325,941	393,837	2,719,778	1,959,917	4,679,695
February 15, 1930	2,351,014	401,566	2,752,580	1,719,719	4,472,299
February 22, 1930	2,410,200	398,793	2,808,993	1,620,388	4,429,381
February 28, 1930	2,444,389	383,802	2,828,191	1,916,813	4,745,004
March 7, 1930	2,462,149	401,801	2,863,950	1,918,176	4,782,126
March 15, 1930	2,480,458	411,924	2,892,382	1,639,426	4,531,808
March 22, 1930	2,491,789	450,626	2,942,415	1,504,718	4,447,133
March 31, 1930	2,495,931	386,600	2,882,531	2,052,692	4,935,223
April 7, 1930	2,544,427	350,286	2,894,713	2,027,022	4,921,735
April 15, 1930	2,550,125	357,433	2,907,558	1,765,727	4,673,285
April 23, 1930	2,557,053	354,895	2,911,948	1,630,539	4,542,487
April 30, 1930	2,565,502	327,384	2,892,886	1,939,121	4,832,007
May 7, 1930	2,565,417	330,198	2,895,615	1,853,521	4,749,136
May 15, 1930	2,577,665	297,819	2,875,484	1,584,846	4,460,330

---

[1]) For the weekly figures from October 15, 1924, until August 31, 1929, vide the relative Annexes of the previous Reports.

Annex H.

Percentual cover for Reichsbank notes according to § 28a 1)

Date	Cover in gold and Devisen %	Cover only in gold %
Average of the period October 15, 1924 to December 31, 1924	55.1	41.3
Average of the year 1925	60.4	45.8
Average of the year 1926	67.0	52.7
Average of the year 1927	57.4	51.7
Average of the year 1928	56.9	51.7
Average of the year 1929	57.2	51.6
August 31, 1929	50.9	44.6
September 7, 1929	54.4	47.4
September 14, 1929	56.9	49.6
September 23, 1929	59.9	52.2
September 30, 1929	51.8	45.0
October 7, 1929	54.7	47.2
October 15, 1929	59.0	50.9
October 23, 1929	62.6	54.0
October 31, 1929	53.6	46.1
November 7, 1929	57.0	49.0
November 15, 1929	59.9	51.4
November 23, 1929	63.1	53.7
November 30, 1929	53.6	45.6
December 7, 1929	56.4	47.9
December 14, 1929	57.5	49.0
December 23, 1929	58.3	49.5
December 31, 1929	53.3	45.3
January 7, 1930	58.4	49.6
January 15, 1930	64.0	54.5
January 23, 1930	68.0	57.8
January 31, 1930	57.9	49.4
February 7, 1930	62.1	53.1
February 15, 1930	66.1	56.4
February 22, 1930	70.1	60.2
February 28, 1930	59.9	51.8
March 7, 1930	63.9	55.0
March 15, 1930	67.8	58.1
March 22, 1930	71.6	60.6
March 31, 1930	60.0	51.9
April 7, 1930	63.4	55.7
April 15, 1930	67.5	59.2
April 23, 1930	70.9	62.2
April 30, 1930	62.0	55.0
May 7, 1930	65.8	58.3
May 15, 1930	68.5	61.4

---

1) For the weekly figures from October 15, 1924, until August 31, 1929, vide the relative Annexes of the previous Reports.

Annex I.

Index numbers of wholesale prices for Germany, England and the United States

(1913 = 100)

Month	Germany (Stat. Office of the Reich)	England (Board of Trade)	United States (Bureau of Labor Statistics)
1926			
January	135.8	151.3	156.0
February	134.3	148.8	155.0
March	133.1	144.4	151.5
April	132.7	143.6	151.1
May	132.3	144.6	151.7
June	131.9	146.9	152.3
July	133.1	149.1	150.7
August	134.0	149.9	149.2
September	134.9	150.9	150.5
October	136.2	152.1	149.7
November	137.1	152.4	148.1
December	137.1	146.1	147.2
1927			
January	135.9	143.6	146.9
February	135.6	142.6	146.4
March	135.0	140.6	145.3
April	134.8	139.8	144.2
May	137.1	141.1	144.1
June	137.9	141.8	143.7
July	137.6	141.1	144.6
August	137.9	140.9	146.6
September	139.7	142.1	149.3
October	139.8	141.4	150.1
November	140.1	141.1	149.5
December	139.6	140.4	149.1
1928			
January	138.7	141.1	145.8
February	137.9	140.3	145.9
March	138.5	140.8	145.3
April	139.5	142.9	147.4
May	141.2	143.6	149.2
June	141.3	142.6	147.7
July	141.6	141.1	148.7

Month	Germany (Stat. Office of the Reich)	England (Board of Trade)	United States (Bureau of Labor Statistics)
August	141.5	139.3	149.6
September	139.9	137.6	151.5
October	140.1	137.9	148.0
November	140.3	137.9	146.3
December	139.9	138.3	146.3
1929			
January	138.9	138.3	147.1
February	139.3	138.4	146.3
March	139.6	140.1	147.5
April	137.1	138.8	146.5
May	135.5	135.8	144.9
June	135.1	135.6	145.9
July	137.8	137.4	148.3
August	138.1	135.8	147.8
September	138.1	135.8	147.5
October	137.2	136.1	145.7
November	135.5	134.0	142.6
December	134.3	132.5	142.3
1930			
January	132.3	131.0	141.1
February	129.3	127.8	139.2
March	126.4	124.5	
April	126.7		

Annex J.

Index numbers of German wholesale prices

(Statistical Office of the Reich)

(1913 = 100)

Month	General index	Agricultural products	Industrial raw materials and partly-manufactured goods	Industrial finished goods
1926				
January	135.8	122.3	134.4	158.0
February	134.3	120.9	132.7	157.1
March	133.1	119.8	131.2	156.0
April	132.7	121.5	129.6	154.3
May	132.3	122.5	128.6	152.5
June	131.9	124.0	127.6	149.9
July	133.1	128.7	128.4	146.5
August	134.0	131.8	128.9	145.1
September	134.9	134.1	129.9	144.4
October	136.2	139.7	128.5	143.9
November	137.1	142.8	128.3	143.5
December	137.1	143.7	128.4	142.3
1927				
January	135.9	140.3	128.8	141.6
February	135.6	139.1	129.3	141.6
March	135.0	136.0	130.3	142.0
April	134.8	135.2	129.9	143.0
May	137.1	139.3	131.2	144.3
June	137.9	139.9	131.6	146.0
July	137.6	137.5	132.2	147.1
August	137.9	136.8	133.0	148.3
September	139.7	138.9	134.1	150.7
October	139.8	137.7	134.0	152.9
November	140.1	137.3	134.0	154.6
December	139.6	134.1	134.2	155.7
1928				
January	138.7	132.2	134.4	156.1
February	137.9	130.1	133.6	156.8
March	138.5	131.3	133.5	157.3
April	139.5	133.5	133.8	157.6
May	141.2	135.9	135.3	158.4
June	141.3	136.0	135.0	159.1
July	141.6	136.6	135.1	159.6
August	141.5	137.6	134.3	159.5
September	139.9	134.2	133.5	159.5
October	140.1	134.8	133.4	160.0
November	140.3	135.2	133.5	159.9
December	139.9	134.1	134.1	159.5

Month	General index	Agricultural products	Industrial raw materials and partly-manufactured goods	Industrial finished goods
1929				
January	138.9	131.7	134.0	158.8
February	139.3	133.9	133.6	158.2
March	139.6	133.7	134.3	158.0
April	137.1	128.2	133.1	157.8
May	135.5	125.8	131.3	157.5
June	135.1	124.7	131.5	157.5
July	137.8	132.4	131.3	157.3
August	138.1	132.6	131.5	157.5
September	138.1	132.6	131.6	157.2
October	137.2	131.7	130.9	156.6
November	135.5	128.4	129.9	156.5
December	134.3	126.2	129.3	156.2
1930				
January	132.3	121.8	128.3	156.0
February	129.3	116.0	126.7	154.6
March	126.4	110.0	125.5	152.9
April	126.7	112.1	124.8	151.9

Annex K.

Index numbers of cost of living for Germany, England and the United States

Month	Germany, Stat. Office of the Reich (1913/14 = 100)	England, Ministry of Labour Gazette (July 1914 = 100)	United States, Nat. Industr. Confer. Board (July 1914 = 100)
1926			
January	139.3	173	170
February	138.8	172	170
March	138.3	168	169
April	139.6	167	168
May	139.9	168	168
June	140.5	170	167
July	142.4	170	166
August	142.5	172	165
September	142.0	174	167
October	142.2	179	167
November	143.6	179	168
December	144.3	175	168
1927			
January	144.6	172	167
February	145.4	171	165
March	144.9	165	164
April	146.4	164	164
May	146.5	163	164
June	147.7	166	165
July	150.0	164	162
August	146.6	165	162
September	147.1	167	163
October	150.2	169	164
November	150.6	169	164
December	151.3	168	164
1928			
January	150.8	166	163
February	150.6	164	162
March	150.6	164	161
April	150.7	164	161
May	150.6	165	162
June	151.4	165	161

Month	Germany, Stat. Office of the Reich (1913/14=100)	England, Ministry of Labour Gazette (July 1914=100)	United States, Nat. Industr. Confer. Board (July 1914=100)
1928			
July	152.6	165	161
August	153.5	165	161
September	152.3	166	163
October	152.1	167	163
November	152.3	168	163
December	152.7	167	162
1929			
January	153.1	165	161
February	154.4	166	161
March	156.5	162	160
April	153.6	161	159
May	153.5	160	159
June	153.4	161	160
July	154.4	163	162
August	154.0	164	163
September	153.6	165	163
October	153.5	167	163
November	153,0	167	163
December	152.6	166	162
1930			
January	151.6	164	160
February	150.3	161	159
March	148.7	157	
April	147.4		

Annex L.

Germany's imports and exports

(Corrected figures)

Month	Imports	Exports	Deliveries in kind under the Experts' Plan	Total exports (columns 3 and 4)	+ Surplus — Deficit	
					columns 2 and 3	columns 2 and 5
	in millions of reichsmarks					
1	2	3	4	5	6	7
1924						
January	618.9	520.9	—	—	— 98.0	—
February	775.8	556.3	—	—	— 219.5	—
March	738.9	547.5	—	—	— 191.4	—
April	855.0	572.9	—	—	— 282.1	—
May	935.8	606.4	—	—	— 329.4	—
June	776.7	566.2	—	—	— 210.5	—
July	586.9	665.5	—	—	+ 78.6	—
August	494.4	681.6	—	—	+ 187.2	—
September	670.9	654.1	—	—	— 16.8	—
October	874.0	717.0	—	—	— 157.0	—
November	1,059.9	736.7	—	—	— 323.2	—
December	1,219.9	835.0	—	—	— 384.9	—
1925						
January	1,209.8	706.4	—	—	— 503.4	—
February	1,014.3	639.7	—	—	— 374.6	—
March	970.7	719.0	—	—	— 251.7	—
April	929.8	680.8	—	—	— 249.0	—
May	934.1	739.7	—	—	— 194.4	—
June	945.2	697.0	—	—	— 248.2	—
July	1,081.2	754.9	—	—	— 326.3	—
August	1,112.5	736.5	—	—	— 376.0	—
September	994.7	789.4	—	—	— 205.3	—
October	1,014.6	858.1	—	—	— 156.5	—
November	809.2	802.9	—	—	— 6.3	—
December	727.9	806.0	—	—	+ 78.1	—
1926						
January	686.0	807.3	—	—	+ 121.3	—
February	642.1	794.6	—	—	+ 152.5	—
March	625.9	936.9	—	—	+ 311.0	—
April	698.1	791.0	—	—	+ 92.9	—
May	685.5	739.8	—	—	+ 54.3	—
June	770.0	769.8	—	—	— 0.2	—
July	899.8	832.7	—	—	— 67.1	—
August	897.2	843.0	—	—	— 54.2	—
September	806.2	845.0	—	—	+ 38.8	—
October	966.7	887.8	—	—	— 78.9	—
November	974.2	882.4	—	—	— 91.8	—
December	1,038.7	829.9	—	—	— 208.8	—

Month	Imports	Exports	Deliveries in kind under the Experts' Plan	Total exports (columns 3 and 4)	+ Surplus — Deficit	
					columns 2 and 3	columns 2 and 5
	in millions of reichsmarks					
1	2	3	4	5	6	7
1927						
January	1,060.4	804.0	29.9	833.9	— 256.4	— 226.5
February	1,059.4	761.3	44.6	805.9	— 298.1	— 253.5
March	1,052.4	847.5	60.4	907.9	— 204.9	— 144.5
April	1,061.2	805.1	36.2	841.3	— 256.1	— 219.9
May	1,135.8	845.6	47.1	892.7	— 290.2	— 243.1
June	1,157.9	758.3	38.3	796.6	— 399.6	— 361.3
July	1,235.8	859.3	45.0	904.3	— 376.5	— 331.5
August	1,118.4	880.5	50.7	931.2	— 237.9	— 187.2
September	1,133.6	946.6	56.0	1,002.6	— 187.0	— 131.0
October	1,202.9	976.2	59.4	1,035.6	— 226.7	— 167.3
November	1,246.3	926.5	57.9	984.4	— 313.8	— 261.9
December	1,228.0	968.2	50.2	1,018.4	— 259.8	— 209.6
1928						
January	1,316.3	874.8	53.5	928.3	— 441.5	— 388.0
February	1,209.6	956.1	52.4	1,008.5	— 253.5	— 201.1
March	1,192.6	1,036.5	57.9	1,094.4	— 156.1	— 98.2
April	1,139.7	934.2	59.4	993.6	— 205.5	— 146.1
May	1,054.4	907.3	49.7	957.0	— 147.1	— 97.4
June	1,075.1	903.8	43.9	947.7	— 171.3	— 127.4
July	1,148.1	927.4	57.3	984.7	— 220.7	— 163.4
August	1,052.9	1,040.7	54.2	1,094.9	— 12.2	+ 42.0
September	1,055.6	1,073.7	62.3	1,136.0	+ 18.1	+ 80.4
October	1,162.0	1,125.0	60.9	1,185.9	— 37.0	+ 23.9
November	1,173.8	1,009.0	58.5	1,067.5	— 164.8	— 106.3
December	1,102.6	973.7	52.9	1,026.6	— 128.9	— 76.0
1929						
January	1,316.7	1,028.8	72.6	1,101.4	— 287.9	— 215.3
February	1,014.7	916.4	54.7	971.1	— 98.3	— 43.6
March	1,023.4	928.4	53.5	981.9	— 95.0	— 41.5
April	1,255.2	1,158.9	68.0	1,226.9	— 96.3	— 28.3
May	1,132.2	1,093.5	79.0	1,172.5	— 38.7	+ 40.3
June	1,077.8	1,011.2	66.0	1,077.2	— 66.6	— 0.6
July	1,228.1	1,028.4	70.6	1,099.0	— 199.7	— 129.1
August	1,072.6	1,119.4	69.2	1,188.6	+ 46.8	+ 116.0
September	1,038.2	1,130.4	69.3	1,199.7	+ 92.2	+ 161.5
October	1,106.7	1,154.2	93.1	1,247.3	+ 47.5	+ 140.6
November	1,161.0	1,090.6	63.0	1,153.6	— 70.4	— 7.4
December	1,020.3	1,003.2	60.3	1,063.5	— 17.1	+ 43.2
1930						
January	1,304.7	1,033.5	58.8	1,092.3	— 271.2	— 212.4
February	981.6	961.8	64.5	1,026.3	— 19.8	+ 44.7
March	883.6	1,042.8	61.2	1,104.0	+ 159.2	+ 220.4
April	888.2	925.8	50.9	976.7	+ 37.6	+ 88.5

Annex M.

Imports of raw materials and half-finished goods and exports of finished goods

(including deliveries in kind)

Month	Imports of raw materials and half-finished goods	Exports of finished goods incl. deliveries in kind	Excess of exports over imports of finished goods
	in millions of reichsmarks		
1927			
January	565	569	419
February	579	553	391
March	588	627	456
April	554	605	415
May	592	634	424
June	602	573	364
July	602	647	423
August	588	646	425
September	566	613	383
October	593	736	483
November	647	701	468
December	669	723	507
1928			
January	661	649	418
February	695	705	482
March	641	773	533
April	610	696	481
May	567	691	487
June	579	697	508
July	603	704	518
August	550	783	600
September	552	826	640
October	612	723	507
November	609	715	519
December	566	739	548
1929			
January	688	791	577
February	546	713	531
March	563	709	521
April	692	876	676
May	614	834	638
June	585	788	586
July	613	810	616
August	576	884	704
September	548	879	699
October	601	923	733
November	652	851	674
December	528	775	611
1930			
January	634	795	621
February	524	756	588
March	493	834	666
April	480	734	576

Annex N.

Sterling, dollar and French franc rates on the Berlin Bourse[1])

(Weekly averages in absolute figures and in percentages of parity)

Date	£		$		French franc	
1928		%		%		%
August 31	20.359	99.66	4.195	99.93	16.380	99.59
September 7	20.362	99.67	4.196	99.95	16.385	99.62
September 15	20.357	99.65	4.197	99.98	16.386	99.63
September 23	20.352	99.62	4.196	99.95	16.385	99.62
September 30	20.343	99.58	4.195	99.93	16.395	99.68
October 7	20.357	99.65	4.197	99.98	16.415	99.81
October 15	20.382	99.77	4.202	100.10	16.409	99.77
October 23	20.361	99.67	4,198	100.00	16.395	99.68
October 31	20.354	99.63	4.197	99.98	16.396	99.69
November 7	20.356	99.64	4.199	100.03	16.400	99.71
November 15	20.357	99.65	4.199	100.03	16.399	99.71
November 23	20.353	99.63	4.197	99.98	16.399	99.71
November 30	20.346	99.59	4.194	99.90	16.399	99.71
December 7	20.351	99.62	4.196	99.95	16.393	99.67
December 15	20.354	99.63	4.196	99.95	16.392	99.67
December 23	20.358	99.65	4.194	99.90	16.415	99.81
December 31	20.381	99.76	4.198	100.00	16.434	99.92
1929						
January 7	20.385	99.78	4.202	100.10	16.429	99.89
January 15	20.403	99.87	4.207	100.21	16.443	99.98
January 23	20.401	99.86	4.207	100.21	16.441	99.96
January 31	20.412	99.92	4.210	100.29	16.454	100.04
February 7	20.426	99.98	4.213	100.36	16.464	100.10
February 15	20.459	100.15	4.214	100.38	16.458	100.07
February 23	20.446	100.08	4.213	100.36	16.452	100.03
February 28	20.450	100.10	4.214	100.38	16.461	100.08
March 7	20.449	100.10	4.214	100.38	16.459	100.07
March 15	20.451	100.11	4.215	100.41	16.461	100.08
March 23	20.459	100.15	4.215	100.41	16.462	100.09
March 28	20.459	100.15	4.215	100.41	16.478	100.19
April 6	20.464	100.17	4.217	100.45	16.480	100.20
April 15	20.470	100.20	4.217	100.45	16.477	100.18
April 23	20.471	100.21	4.217	100.45	16.479	100.19
April 30	20.469	100.19	4.217	100.45	16.491	100.27
May 7	20.466	100.18	4.217	100.45	16.485	100.23
May 15	20.457	100.14	4.216	100.43	16.474	100.16
May 23	20.384	99.77	4.203	100.12	16.421	99.84
May 31	20.347	99.60	4.194	99.90	16.400	99.71

[1]) For earlier figures vide the relative Annexes of previous Reports.

Date	£		$		French franc	
June 7	20.337	99.55	4.194	99.90	16.396	99.69
June 15	20.337	99.55	4.195	99.93	16.397	99.70
June 22	20.325	99.49	4.192	99.86	16.398	99.70
June 29	20.341	99.57	4.195	99.93	16.415	99.81
July 7	20.357	99.65	4.198	100.00	16.421	99.84
July 15	20.367	99.69	4.199	100.03	16.435	99.93
July 23	20.356	99.64	4.196	99.95	16.438	99.95
July 31	20.358	99.65	4.195	99.93	16,446	99.99
August 7	20.362	99.67	4.196	99.95	16.437	99.94
August 15	20.360	99.66	4.200	100.05	16.426	99.87
August 23	20.357	99.65	4.199	100 03	16.438	99.95
August 31	20.359	99.66	4.200	100.05	16.437	99.94
September 7	20.364	99.68	4.201	100.07	16.436	99.93
September 15	20.362	99.67	4.200	100.05	16.434	99,92
September 23	20.356	99.64	4.200	100.05	16.436	99.93
September 30	20.361	99.67	4.196	99.95	16.439	99.96
October 7	20.393	99.82	4.196	99.95	16.458	100.07
October 15	20.398	99.85	4.193	99.89	16.460	100.08
October 23	20.399	99.85	4.186	99.72	16.468	100.13
October 31	20.388	99.80	4.180	99.57	16.465	100.11
November 7	20.390	99.81	4.179	99.55	16.465	100.11
November 15	20.393	99.82	4.181	99.60	16.464	100.10
November 23	20.388	99.80	4.182	99.62	16.461	100.08
November 30	20.379	99.75	4.177	99.50	16.457	100.06
December 7	20.381	99.76	4.176	99.48	16.447	100.00
December 14	20.381	99.76	4.175	99.45	16.443	99.98
December 23	20.378	99.75	4.174	99.42	16.446	99.99
December 31	20.400	99.86	4.179	99.55	16.469	100.13
1930						
January 7	20.426	99.99	4.189	99.79	16.485	100.23
January 15	20.390	99.81	4.187	99.74	16.459	100.07
January 23	20.372	99.72	4.185	99.69	16.442	99.97
January 31	20.361	99.67	4.185	99.69	16.433	99.91
February 7	20.361	99.67	4.186	99.72	16.420	99.84
February 15	20.367	99.70	4.188	99.76	16.401	99.72
February 22	20.367	99.70	4.191	99.84	16.393	99.67
February 28	20.367	99.70	4.190	99.81	16.393	99.67
March 7	20.366	99.69	4.191	99.84	16.390	99.65
March 15	20.391	99.81	4.194	99.91	16.410	99.77
March 22	20.382	99.77	4.192	99.86	16.400	99.71
March 31	20.379	99.75	4.188	99.76	16.401	99.72
April 7	20.380	99.76	4.189	99.79	16.396	99.69
April 15	20.378	99.75	4.190	99.81	16.407	99.76
April 23	20.374	99.73	4.190	99.81	16.431	99.90
April 30	20.360	99.66	4.187	99.74	16.426	99.87
May 7	20.361	99.67	4.189	99.79	16.438	99.95
May 15	20.362	96.67	4.190	99.81	16.439	99.96

Annex O.

Money rates in Berlin

(Monthly averages)

Month	Reichsbank discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with bankers' endorsement %	Yield of 8% mortgage bonds %
1924						
October	10.00	15.85	16.20	—	—	—
November	10.00	14.78	15.00	—	—	—
December	10.00	11.53	13.32	9.19	—	—
1925						
January	10.00	10.00	11.30	8.31	—	—
February	9.88	10.70	11.93	8.00	—	—
March	9.00	9.00	11.30	8.00	—	—
April	9.00	8.48	10.28	8.00	—	—
May	9.00	8.83	10.50	7.98	8.96	—
June	9.00	8.76	10.64	7.75	8.98	—
July	9.00	9.40	10.85	7.87	9.07	—
August	9.00	9.30	10.95	7.68	9.00	—
September	9.00	8.94	10.73	7.18	8.83	—
October	9.00	9.61	10.72	7.09	8.92	—
November	9.00	8.70	10.73	6.77	8.70	—
December	9.00	8.40	10.37	6.75	8.60	9.90
1926						
January	8.32	7.29	9.28	6.27	7.76	9.52
February	8.00	6.10	7.44	5.46	7.03	8.88
March	7.85	5.61	6.77	5.00	6.56	8.47
April	7.00	4.93	6.13	4.86	5.80	8.13
May	7.00	5.15	6.00	4.69	5.40	8.16
June	6.60	4.83	5.87	4.52	5.16	8.15
July	6.08	5.09	6.02	4.53	5.17	8.12
August	6.00	5.11	5.91	4.61	5.18	8.08
September	6.00	5.12	6.36	4.88	5.42	8.06
October	6.00	5.04	6.30	4.84	5.30	8.05
November	6.00	4.85	6.47	4.63	5.08	8.01
December	6.00	6.02	7.46	4.72	5.35	7.89
1927						
January	5.28	4.60	6.42	4.20	4.62	7.76
February	5.00	5.33	5.95	4.22	4.35	7.74
March	5.00	5.29	7.40	4.59	4.86	7.80

Month	Reichsbank discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with bankers' endorsement %	Yield of 8% mortgage bonds %
April	5.00	5.83	7.13	4.62	4.86	7.79
May	5.00	6.35	7.69	4.90	4.99	7.84
June........	5.75	6.03	8.28	5.39	5.76	7.93
July	6.00	7.36	8.50	5.90	6.18	7.93
August......	6.00	5.78	8.22	5.82	6.09	7.99
September...	6.00	6.09	8.35	5.90	6.19	7.98
October	6.92	7.31	8.69	6.69	7.09	8.03
November ...	7.00	6.12	8.77	6.76	7.25	8.18
December ...	7.00	7.23	9.07	6.87	7.34	8.18
1928						
January	7.00	5.35	8.06	6.27	6.88	8.15
February	7.00	6.61	7.72	6.20	6.67	8.16
March	7.00	7.08	7.98	6.72	6.93	8.20
April	7.00	6.89	8.00	6.70	6.92	8.21
May	7.00	6.98	8.00	6.66	6.94	8.22
June........	7.00	6.47	8.04	6.62	6.90	8.23
July	7.00	7.49	8.29	6.74	7.00	8.23
August......	7.00	6.10	8.45	6.69	6.93	8.24
September...	7.00	6.62	8.76	6.64	6.95	8.26
October	7.00	6.90	8.57	6.57	6.95	8.27
November ...	7.00	6.81	8.35	6.28	6.80	8.29
December ...	7.00	7.39	9.00	6.28	6.96	8.27
1929						
January	6.67	5.25	7.72	5.80	6.34	8.28
February	6.50	6.39	7.45	5.80	6.22	8.30
March	6.50	7.14	7.81	6.31	6.57	8.31
April	6.70	6.91	8.19	6.63	6.94	8.37
May	7.50	9.36	9.80	7.49	8.59	8.47
June........	7.50	8.08	10.13	7.50	8.24	8.50
July	7.50	8.65	9.91	7.39	7.79	8.49
August......	7.50	7.64	9.82	7.18	7.77	8.51
September...	7.50	8.21	9.79	7.18	7.69	8.57
October	7.50	8.41	9.82	7.28	7.75	8.61
November ...	7.02	8.02	9.26	6.89	7.41	8.63
December ...	7.00	8.21	9.56	6.98	7.36	8.65
1930						
January	6.69	6.39	8.62	6.33	6.75	8.60
February	6.06	6.37	7.73	5.53	5.92	8.50
March	5.50	5.97	7.39	5.12	5.52	8.44
April	5.00	4.81	6.46	4.46	4.83	8.24

Annex P.

Money rates in Berlin (weekly averages) and credits (bills and loans against collateral) of the Reichsbank[1])

Date	Reichsbank discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with bankers' endorsement %	Bills and loans against collateral of the Reichsbank[2])
1928						
August 31	7.00	6.58	8.63	6.75	7.00	2,737
September 7	7.00	7.54	8.71	6.64	6.93	2,440
September 15	7.00	5.93	8.70	6.63	6.89	2,185
September 23	7.00	6.50	8.75	6.63	7.00	2,069
September 30	7.00	6.96	8.88	6.69	7.00	2,691
October 7	7.00	7.94	8.75	6.58	6.98	2,418
October 15	7.00	6.43	8.54	6.50	6.86	2,177
October 23	7.00	6.96	8.50	6.61	6.97	1,995
October 31	7.00	6.68	8.50	6.61	6.97	2,444
November 7	7.00	7.75	8.50	6.38	6.92	2,217
November 15	7.00	6.29	8.27	6.25	6.77	1,949
November 23	7.00	6.67	8.25	6.25	6.72	1,796
November 30	7.00	7.00	8.38	6.25	6.81	2,382
December 7	7.00	8.38	8.50	6.25	6.92	2,158
December 15	7.00	7.11	9.03	6.25	6.95	1,947
December 23	7.00	7.08	9.25	6.29	7.00	1,972
December 31	7.00	7.38	9.31	6.38	7.00	2,854
1929						
January 7	7.00	6.00	8.10	6.08	6.73	2,155
January 15	6.79	5.07	7.75	5.89	6.32	1,713
January 23	6.50	5.11	7.63	5.71	6.24	1,589
January 31	6.50	5.36	7.50	5.57	6.18	1,885
February 7	6.50	6.92	7.44	5.63	6.19	1,751
February 15	6.50	5.36	7.39	5.63	6.13	1,525
February 23	6.50	6.57	7.50	5.95	6.25	1,509
February 28	6.50	7.81	7.50	6.13	6.42	2,186
March 7	6.50	8.12	7.50	6.15	6.50	1,924
March 15	6.50	7.71	7.79	6.30	6.50	1,779
March 23	6.50	6.00	8.00	6.38	6.63	1,717
March 28	6.50	6.63	8.00	6.44	6.69	2,488
April 6	6.50	8.10	8.00	6.45	6.70	2,389
April 15	6.50	7.25	8.00	6.45	6.73	2,319
April 23	6.50	5.96	8.00	6.50	6.91	2,357
April 30	7.33	7.04	8.77	7.15	7.43	3,188
May 7	7.50	9.50	9.08	7.46	8.00	3,194
May 15	7.50	9.58	9.58	7.50	8.38	2,889
May 23	7.50	9.73	9.85	7.50	8.75	2,619
May 31	7.50	8.96	10.55	7.50	9.25	3,260
June 7	7.50	8.75	10.54	7.50	8.71	2,970
June 15	7.50	7.43	10.02	7.50	8.21	2,758
June 22	7.50	8.04	9.96	7.50	8.01	2,574
June 29	7.50	8.71	10.00	7.50	8.00	3,195

---

[1]) For the previous figures vide the relative Annexes of the previous Reports.
[2]) In millions of reichsmarks.

Date	Reichsbank-discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with bankers' endorsement %	Bills and loans against collateral of the Reichsbank[2])
July 7	7.50	9.25	9.95	7.45	7.90	2,878
July 15	7.50	8.06	9.75	7.38	7.75	2,588
July 23	7.50	9.00	10.00	7.38	7.78	2,187
July 31	7.50	8.54	9.96	7.38	7.75	2,797
August 7	7.50	8.88	9.78	7.25	7.80	2,474
August 15	7.50	7.46	9.75	7.13	7.75	2,283
August 23	7.50	7.38	9.83	7.13	7.75	2,088
August 31	7.50	7.20	9.90	7.25	7.80	2,835
September 7	7.50	9.35	9.85	7.13	7.70	2,571
September 15	7.50	7.88	9.75	7.13	7.62	2,312
September 23	7.50	7.88	9.75	7.13	7.71	2,165
September 30	7.50	7.75	9.79	7.33	7.75	2,829
October 7	7.50	9.65	9.88	7.38	7.75	2,588
October 15	7.50	8.25	9.88	7.25	7.75	2,226
October 23	7.50	8.46	9.80	7.25	7.75	2,029
October 31	7.50	7.61	9.75	7.25	7.75	2,639
November 7	7.08	9.04	9.31	6.90	7.50	2,402
November 15	7.00	7.29	9.23	6.88	7.38	2,194
November 23	7.00	8.13	9.25	6.88	7.38	1,978
November 30	7.00	7.70	9.25	6.92	7.38	2,574
December 7	7.00	9.04	9.25	7.00	7.38	2,347
December 14	7.00	7.08	9.33	6.92	7.33	2,209
December 23	7.00	8.36	9.75	7.00	7.38	2,288
December 31	7.00	8.73	9.75	7.00	7.38	3,099
1930						
January 7	7.00	7.70	9.55	6.83	7.33	2,445
January 15	6.86	6.34	8.70	6.46	6.85	1,962
January 23	6.50	6.20	8.25	6.18	6.52	1,858
January 31	6.50	6.00	8.25	6.00	6.48	2,223
February 7	6.25	7.00	8.02	5.90	6.27	2,015
February 15	6.00	5.46	7.64	5.47	5.80	1,798
February 22	6.00	5.63	7.63	5.38	5.75	1,675
February 28	6.00	7.28	7.63	5.38	5.85	2.288
March 7	6.00	7.80	7.54	5.38	5.92	2,029
March 15	5.50	5.50	7.52	5.21	5.50	1,707
March 22	5.50	5.19	7.50	5.02	5.46	1,561
March 31	5.07	5.75	6.93	4.88	5.25	2,269
April 7	5.00	6.08	6.75	4.65	5.09	2,100
April 15	5.00	3.95	6.21	4.43	4.77	1,833
April 23	5.00	4.38	6.25	4.38	4.75	1,686
April 30	5.00	5.13	6.25	4.35	4.69	1,151
May 7	5.00	6.63	6.08	4.13	4.50	1,914
May 15	5.00	3.86	6.86	3.93	4.40	1,654

---

[2]) In millions of reichsmarks.

Annex Q.

Weighted share index and quotations of an 8% representative mortgage bond on the Berlin Bourse1)

Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond	Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond
			March 6	154.4	96.00
1928			March 13	152.8	96.00
August 29......	164.6	96.50	March 20	156.8	96.00
September 5....	164.7	96.25	March 26	156.9	96.00
September 12...	163.5	96.25	April 3	158.3	96.00
September 19...	162.7	96.25	April 10	158.7	96.20
September 26...	163.5	96.25	April 17	157.1	96.20
October 3......	164.5	96.25	April 24	151.4	95.40
October 10.....	161.4	96.25	April 30	151.1	95.10
October 17.....	159.7	96.25	May 7..........	152.7	95.00
October 24.....	159.2	96.25	May 15.........	147.9	94.50
October 31.....	159.1	96.25	May 22.........	149.7	94.25
November 7....	160.2	96.25	May 29.........	150.0	94.10
November 14...	161.8	96.25	June 5..........	158.5	94.25
November 20...	164.1	96.25	June 12.........	157.9	94.25
November 28...	164.1	96.50	June 19.........	155.3	94.50
December 5....	167.9	96.25	June 26.........	154.6	94.50
December 12...	165.2	96.50	July 3	152.2	94.50
December 19...	163.2	96.25	July 10	153.5	94.50
December 31...	165.4	96.25	July 17	153.3	94.50
			July 24	151.1	94.50
1929			July 31	150.0	94.40
January 9......	164.3	96.50	August 7.......	150.2	94.50
January 16.....	161.7	96.50	August 14......	150.9	94.40
January 23.....	158.6	96.00	August 21......	149.7	94.10
January 30.....	158.7	96.00	August 28......	151.5	94.25
February 6.....	157.3	96.00	September 4....	151.6	94.25
February 13....	156.8	96.00	September 11...	148.0	93.75
February 20....	157.1	96.00	September 18...	146.4	93.75
February 27....	152.7	96.00	September 25...	145.6	93.75

1) For the figures from October 1925 until August 29, 1928 vide the relative annexes of previous Reports.

Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond	Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond
1929			1930		
October 2	143.2	93.50	January 8	129.0	92.70
October 9	138.7	93.50	January 15	138.4	93.30
October 16	140.2	93.50	January 22	134.8	93.50
October 23	133.7	92.30	January 29	133.9	94.75
October 30	131.5	92.50	February 5	136.4	95.00
November 6	135.2	92.60	February 12	133.2	94.75
November 13	131.3	92.60	February 19	131.0	94.10
November 19	130.8	92.75	February 26	130.9	94.10
November 27	124.8	92.60	March 5	131.9	94.00
December 4	130.7	92.75	March 12	131.2	94.50
December 11	128.2	92.75	March 19	128.5	94.75
December 18	126.8	92.70	March 26	132.0	97.00
December 31	126.5	92.75	April 2	135.5	96.25
			April 9	134.9	97.00
			April 15	136.1	97.25
			April 23	134.5	97.75
			April 29	133.5	98.60
			May 6	133.9	98.50
			May 13	134.6	98.25

Annex R.

Discount rates

	Discount (per cent)	Since
Reichsbank	9	26. 2. 25
	8	12. 1. 26
	7	27. 3. 26
	6½	7. 6. 26
	6	6. 7. 26
	5	11. 1. 27
	6	10. 6. 27
	7	4. 10. 27
	6½	12. 1. 29
	7½	25. 4. 29
	7	2. 11. 29
	6½	14. 1. 30
	6	5. 2. 30
	5½	8. 3. 30
	5	25. 3. 30
Federal Reserve Bank of New York	3½	27. 2. 25
	4	7. 1. 26
	3½	23. 4. 26
	4	12. 8. 26
	3½	5. 8. 27
	4	3. 2. 28
	4½	18. 5. 28
	5	12. 7. 28
	6	9. 8. 29
	5	1. 11. 29
	4½	15. 11. 29
	4	7. 2. 30
	3½	14. 3. 30
	3	2. 5. 30
Bank of England	5	3. 12. 25
	4½	21. 4. 27
	5½	7. 2. 29
	6½	26. 9. 29
	6	31. 10. 29
	5½	21. 11. 29
	5	12. 12. 29
	4½	6. 2. 30
	4	6. 3. 30
	3½	20. 3. 30
	3	1. 5. 30
Banque de France	6	9. 7. 25
	7½	31. 7. 26
	6½	16. 12. 26
	5½	3. 2. 27
	5	14. 4. 27
	4	29. 12. 27
	3½	19. 1. 28
	3	31. 1. 30
	2½	2. 5. 30

REPORT No 11

OF THE

COMMISSIONER

FOR THE

GERMAN RAILWAYS

May 10, 1930

Commissariat for the German Railways
Berlin W 8. — Voss-Strasse 35

Table of contents.

Page

Introduction 109

General review 109
    Development of traffic and tariffs 109
    Operating receipts and expenditure 111
    Capital expenditure 113
    Present position of the Company 114
    New railway régime 115

Reparation payments 115

Financing of capital expenditure 117

Financial results of operation 119
    Operating account 119
    Profit and loss account 122
    Balance sheet 123
    First results for the business year 1930 126

Position of staff 127
    Numbers 127
    Officials 129
    Workers 130

Development of traffic and tariffs 131
    Passenger traffic and tariffs 131
    Berlin transport service 133
    Goods traffic and tariffs 135
    Competition from motor traffic 140

Permanent way and works 145
    Size of the system 145
    Upkeep of permanent way, structures and buildings 146
    Safety appliances 151
    New works 152

Rolling stock and workshops 156

Table of Annexes.

Page

Annex I. Managing Board, Trustee, Commissioner and General Management of the Railway Company 166

» II. Service of reparation bonds 167

» III. Payment of the transport tax 168

» IV. Operating account of the Railway Company for the business year 1929 169

» V. Profit and loss account for the business year 1929 170

» VI. Balance sheet as at December 31, 1929 171

» VII. Graph showing, per year, the chief elements of passenger and goods traffic ....172—173

» VIII. Comparative statistics of passenger traffic 174

» IX. Comparative statistics of goods traffic 175

» X. Text of the new Law and Statutes of the Deutsche Reichsbahn-Gesellschaft 176

Report No. 11 of the Commissioner for the German Railways to the Reparation Commission.

Berlin, May 10, 1930.

The fifth business year of the German Railway Company ended on December 31, 1929. The final accounts for the year have just been passed by the Board and published in conformity with § 30 of the Railway Law. The present report summarises these accounts in conjunction with such observations as they call for, indicates the payments made on reparation account, and explains the position of the Company on the eve of the application of the new régime established by the Hague Agreements.

There is no change to record since the publication of my last report in the composition of the Managing Board and the General Management of the Company.

General Review.

Development of traffic and tariffs.

Passenger traffic in 1929 registered a certain decline, the number of passengers transported having dropped as compared with 1928 by 1.4 per cent and the number of passenger-kilometers by 1.2 per cent. Leaving aside the Berlin and Hamburg suburban traffic, which is of a special type and in Berlin has grown largely as the result of the electrification of the system, the number of passengers shows a larger decline, viz. 4.3 per cent, while the number of passenger-kilometers has declined by 2.8 per cent.

Traffic was doubtless affected by the severe cold, which prevailed during the first quarter of 1929, and by the decline of economic activity which found expression in the expansion of unemployment. An examination of the results obtained since the Company's first business year (1925) shows however that, not including the Berlin and Hamburg suburban traffic, the number of passengers diminished by 10 per cent between 1925 and 1929, while the number of passenger-kilometers dropped by 4.6 per cent. The decline is due to a permanent factor, namely the growth of motor traffic; it is found in most countries and will no doubt assume larger proportions as the competition from motor traffic increases.

In the United States, where motor traffic is far more general, passenger traffic on the railways has diminished steadily since 1920 and the decline in 1929 by comparison with 1920 was 33.7 per cent.

The goods traffic of the Reichsbahn showed an increase of 1 per cent in the tonnage transported and an increase of 4 per cent in the number of ton-kilometers in 1929 as compared with 1928.

Table of contents.

Page

Introduction 109

General review 109
  Development of traffic and tariffs 109
  Operating receipts and expenditure 111
  Capital expenditure 113
  Present position of the Company 114
  New railway régime 115

Reparation payments 115

Financing of capital expenditure 117

Financial results of operation 119
  Operating account 119
  Profit and loss account 122
  Balance sheet 123
  First results for the business year 1930 126

Position of staff 127
  Numbers 127
  Officials 129
  Workers 130

Development of traffic and tariffs 131
  Passenger traffic and tariffs 131
  Berlin transport service 133
  Goods traffic and tariffs 135
  Competition from motor traffic 140

Permanent way and works 145
  Size of the system 145
  Upkeep of permanent way, structures and buildings 146
  Safety appliances 151
  New works 152

Rolling stock and workshops 156

Table of Annexes.

			Page
Annex	I.	Managing Board, Trustee, Commissioner and General Management of the Railway Company	166
»	II.	Service of reparation bonds	167
»	III.	Payment of the transport tax	168
»	IV.	Operating account of the Railway Company for the business year 1929	169
»	V.	Profit and loss account for the business year 1929	170
»	VI.	Balance sheet as at December 31, 1929	171
»	VII.	Graph showing, per year, the chief elements of passenger and goods traffic	172—173
»	VIII.	Comparative statistics of passenger traffic	174
»	IX.	Comparative statistics of goods traffic	175
»	X.	Text of the new Law and Statutes of the Deutsche Reichsbahn-Gesellschaft	176

Report No. 11
# of the Commissioner for the German Railways to the Reparation Commission.

Berlin, May 10, 1930.

The fifth business year of the German Railway Company ended on December 31, 1929. The final accounts for the year have just been passed by the Board and published in conformity with § 30 of the Railway Law. The present report summarises these accounts in conjunction with such observations as they call for, indicates the payments made on reparation account, and explains the position of the Company on the eve of the application of the new régime established by the Hague Agreements.

There is no change to record since the publication of my last report in the composition of the Managing Board and the General Management of the Company.

General Review.

Development of traffic and tariffs.

Passenger traffic in 1929 registered a certain decline, the number of passengers transported having dropped as compared with 1928 by 1.4 per cent and the number of passenger-kilometers by 1.2 per cent. Leaving aside the Berlin and Hamburg suburban traffic, which is of a special type and in Berlin has grown largely as the result of the electrification of the system, the number of passengers shows a larger decline, viz. 4.3 per cent, while the number of passenger-kilometers has declined by 2.8 per cent.

Traffic was doubtless affected by the severe cold, which prevailed during the first quarter of 1929, and by the decline of economic activity which found expression in the expansion of unemployment. An examination of the results obtained since the Company's first business year (1925) shows however that, not including the Berlin and Hamburg suburban traffic, the number of passengers diminished by 10 per cent between 1925 and 1929, while the number of passenger-kilometers dropped by 4.6 per cent. The decline is due to a permanent factor, namely the growth of motor traffic; it is found in most countries and will no doubt assume larger proportions as the competition from motor traffic increases.

In the United States, where motor traffic is far more general, passenger traffic on the railways has diminished steadily since 1920 and the decline in 1929 by comparison with 1920 was 33.7 per cent.

The goods traffic of the Reichsbahn showed an increase of 1 per cent in the tonnage transported and an increase of 4 per cent in the number of ton-kilometers in 1929 as compared with 1928.

In these general results however a distinction must be made in the case of coal transports, the tonnage of which increased by 9 per cent while the number of ton-kilometers rose by 15.6 per cent. The exceptionally severe winter of 1929 stimulated transports of fuel and at the same time the suspension of traffic on the waterways deflected all traffic from this means of communication to the railways.

Other goods traffic on the contrary diminished by 3.9 per cent as regards tonnage and by 2.4 per cent as regards the number of ton-kilometers. If the origin and destination of goods transported is taken into consideration, it will be found that consignments from foreign countries diminished by 8 per cent while consignments to foreign countries increased by 19.3 per cent. This tendency, which was already visible in 1928, corresponds to the growth of foreign trade and to the increase of exports and the decline of imports since 1927.

Speaking generally the decline of goods traffic illustrates the decline of economic activity, which became more pronounced towards the end of 1929 and particularly in the early months of 1930. It should be added that goods traffic suffers from the growing competition of motor traffic. This competition is particularly severe in the case of higher categories of goods liable to dearer rates. Some particulars on this question together with the measures and tariffs adopted by the Company in defence of its traffic will be found in a subsequent section of this report.

The economic situation deteriorated still further in the early months of 1930, particularly in the coal mining and metal industries. Transports of fuel calculated in terms of car-loads showed a decline by comparison with the previous year of 11 per cent in January, 30 per cent in February, 36 per cent in March and 23 per cent in April. This considerable decline is no doubt due chiefly to the fact that the past winter was very much milder than the one before. In the Ruhr coalfield pithead stocks of coal and lignite have latterly, according to press reports, aggregated about 6 million tons. In the case of goods other than fuel the traffic also shows a decline by comparison with the previous year, but in the early months of 1929 transports were particularly small owing to the severe cold. Taken as a whole there has been a considerable decline of goods traffic and a less pronounced decline of passenger traffic by comparison with the previous year.

Tariffs underwent no change during 1929. On October 1, 1928 goods tariffs were raised by about 6.5 per cent and the new classification of passengers, introducing three classes in the place of four and estimated to yield a 3 per cent increase of receipts, came into force. These measures were described in detail in my previous reports. They do not appear to have had any harmful effect upon economic activity.

According to the figures published by the Company for 1929, the average fare per passenger-kilometer, including the transport tax averaging 11 per cent, was 33 per cent higher than in 1913.

In the case of goods the rate per ton-kilometer, including the transport tax averaging 6 per cent, was 43 per cent higher. These increases do not appear to be excessive when one remembers that the cost of living in Germany was approximately 54 per cent higher in 1929.

Operating receipts and expenditure.

The following table gives the operating receipts and expenditure for the five years which have elapsed since the creation of the Company together with the corresponding figures for 1913.

Year	1929	1928	1927	1926	1925	1913
Operating receipts . . .	5,353.8	5,159.2	5,039.3	4,540.8	4,669.0	3,057.7
Operating expenditure	4,493.5	4,294.3	4,158.8	3,680.6	3,974.8	2,205.2
Operating surplus. . . .	860.3	864.9	880.5	860.2	694.2	852.5
Operating coefficient .	83.93 %	83.24 %	82.53 %	81.06 %	85.13 %	72.12 %
Reparation payments	658.7	658.3	590.5	574.3	332.7	—

The above figures show that reparation payments have always been amply covered by the net operating receipts. Since 1928 reparation payments have been maintained at the standard figure of *GM* 660 millions. In 1929 this sum was equivalent, at the rate of exchange, to ℛℳ 658.7 millions or 12 per cent of the total operating receipts.

It should be noted that the operating surplus, which has varied very little since 1926, is much the same as that obtained before the war, viz. 860.3 millions in 1929 as compared with 852.5 millions in 1913. On the other hand operating receipts have risen considerably, viz. from 3,057.7 millions to 5,353.8 millions or by 75 per cent. Simultaneously operating expenditure has more than doubled.

Thus the operating coefficient, which was 72 per cent before the war, has ranged since 1926 between 81 and 83.9 per cent. On the majority of the big railway systems a considerable increase of the operating coefficient has been recorded. For the business year 1928 it was 89 per cent in Italy, 84 per cent in Belgium and 80 per cent in Great Britain. In France it has ranged from 81.9 per cent in 1927 to 78.6 per cent in 1929.

In this as in previous reports I have explained in detail the causes of the growth of expenditure, due primarily to the general rise of wages and to the high price of various materials. It should be noted that in the operation of the Reichsbahn since 1925, the expenditure on staff alone has increased by 20 per cent, whereas the expenditure on materials has increased by only $^1/_2$ per cent.

On May 24, 1929 an arbitral award granted the workers another rise of wages which, together with the increase of social charges and certain reductions of working hours, entailed an additional expenditure of some ℛℳ 55 millions per annum for the Company.

The complete financial results for 1929 will be found elsewhere in this report. I would merely point out here that the operating surplus of 860 millions was utilised in the first place to ensure the service of the reparation bonds (658.7 millions), and secondly for the service of debts and new loans (3.5 millions). Of the balance remaining 91.8 millions were assigned to the legal reserve, 25 millions to the reserve for writing off the concession and 75.7 millions to the payment of the dividend on the preference shares.

The budget for 1929 was very accurately balanced, leaving only a very small surplus of 5 millions which was carried forward together with the surplus of the former business year. Financial equilibrium was only secured by cutting down expenditure and the Company was unable to carry out its programme for rapidly and steadily making up the arrears of upkeep and renewal of the fixed plant, permanent way, buildings and structures — a legacy from the war and the inflation which the Company found at its creation.

As stated in my previous report, the Company considered its receipts inadequate for meeting all the charges of the business year and accordingly applied to the Transport Minister in June 1929 for a tariff increase, designed to cover the wage increase granted to the workers shortly before. The application was rejected. At the end of 1929 the gap between the estimated receipts and expenditure widened and the Company informed the Minister that it was necessary to raise 150 millions of additional resources, unless the Government could see its way to reducing the Company's charges by a corresponding amount.

The new Railway Law established in conformity with the Young Plan affords no reduction in the charges imposed upon the Company; but it decrees that the Transport Tax will no longer be devoted to reparation payments and will henceforth be paid to the Government of the Reich. The Government will therefore be free to relieve the burdens of the Company, either by relinquishing a part of the tax or by reducing the amount and authorising a corresponding increase of tariffs.

The financial position of the Reich and the unbalanced budget have made it impossible to have recourse to this solution. Accordingly the Company was compelled to make formal application for a tariff increase on February 8, 1930. The proposed tariff increase relates chiefly to goods traffic and particulars of the same will be found in the section of this report dealing with tariffs.

In the case of passenger traffic it is only proposed to raise the rates of season tickets, which were exempted from the general increase in 1928. The passenger tariffs on the Berlin and suburban lines have already been raised since February 1 and the increase is expected to yield additional receipts in the amount of *ℛℳ* 16 millions. The Company thought it inadvisable to ask for a general increase of passenger tariffs, as it considers that such a step would yield little profit and might still further encourage the competition of motor traffic.

In the case of goods traffic it is proposed to raise the rates for single package consignments (slow, fast and express), as well as the rates for consignments in complete carloads. It is estimated that in the aggregate these increases should yield the *ℛℳ* 150 millions aimed at. This sum will however be considerably short of the probable decline of receipts in the current year.

By a decision dated May 10, the Government has just approved the tariff increase in the case of single package consignments and express goods and baggage. It has rejected the increase in the case of consignments in complete carloads and season tickets, and has requested the Company to examine the possibility of a general increase of passenger tariffs.

Capital expenditure.

Particulars of the capital expenditure of the Company in 1929 and previous years, and the manner in which it was financed, will be found in a separate section of this report.

Owing to the position on the capital market in Germany and abroad it was impossible in 1929 for the Company to procure fresh funds for expenditure on extensions and improvements by means of loans or the issue of preference shares. In the absence of fresh capital new constructional work had to be cut down and it was only possible to carry on the work in hand by means of loans granted by the Reich and the States or by third parties, and by drawing upon the reserves built up out of operating surpluses in previous years. Among the most important works, a list of which will be found in the report, mention may be made of the new stations at Königsberg and Liegnitz, which were put into service in 1929. Work has been begun on the laying of the quadruple track on the Cologne–Duisburg line.

In the business year 1930 the Company is counting upon the proceeds of an external loan to be obtained through the Reich. In virtue of an agreement concluded at the second Hague Conference the Reich is entitled to one-third of the first reparation loan shortly to be issued, the proceeds of which are to be distributed by the Reich between the Reichsbahn and the Reichspost. If the total issue amounts to $ 300 millions, the Reich will receive $ 100 millions of which $ 60 millions can be assigned to the Reichsbahn. This would enable the Company to finance its capital expenditure for 1930 without, as in previous years, drawing upon the operating receipts, and doubtless on more favourable terms than those obtained previously by the issue of preference shares.

Article 8 of the Railway Law, which is incorporated in the new Law, authorises the Company to contract loans with a currency not extending beyond the termination of the concession (i. e. January 1, 1965). Loans extending beyond this date are dependent upon the conclusion of an agreement with the Government. This agreement has been reached and the Company is authorised, subject to certain conditions, to contract loans with a currency extending beyond January 1, 1965. The charges incumbent upon the Reich after that date must under no circumstances exceed those which would result from amortisation within 60 years from the date of conclusion of the loan. These provisions can also apply to loans contracted for the repayment of loans taken up prior to the agreement.

The agreement, which has so long been desired, will reduce the amortisation charges of the Company and will therefore facilitate the execution of its programme of new works. In this connection I would draw attention to a provision inserted in Article 8 of the new Railway Law, which authorises the Company to grant a general mortgage on all its property, accessories and rolling stock included, as security for its loans. This provision will no doubt facilitate the conclusion of loans in the future. It should be added that the terms of the mortgage on the railways, and its consequences, are to be regulated by a subsequent law, for the laws of the Reich at present do not allow such a mortgage to be granted.

Present position of the Company.

As previously mentioned, the development of traffic since the beginning of last year has been far from satisfactory, with the result that receipts have fallen greatly. During the first quarter of 1930 a reduction of 132 millions was noted, or approximately 10 per cent as compared with the previous year, and the most recent data for traffic are just as unsatisfactory.

In view of this the Company has been obliged again to restrict expenditure on both staff and material. When restricting the number of workers of the operating department and in the workshops, an effort was made to keep the staff in proportion to the reduced traffic and lesser amount of work entailed thereby. The economies thus obtained are however quite insufficient to balance the fall in receipts, and the resulting situation shows still more clearly the necessity for an increase of the rates to balance the Company's budget, an increase which the Company moreover demanded nearly a year ago.

It should be noted that the falling off in traffic and in the receipts of the Reichsbahn, which is only the result of trade depression, is by no means peculiar to Germany. A similar state of affairs, due to the same causes, is to be found in a varying degree in most countries both in Europe and in America.

Despite the difficulties encountered since its creation, the Company has under the Dawes Plan realised operating results entirely in accordance with the estimates made at the time of its institution. There is every reason to believe that under the new system instituted by The Hague Agreements the Company will display the same caution and will meet all the charges to which it is liable. If it is to obtain the requisite results, it will need the support of the Government, which, by the exercise of its rights of supervision, will be able to play an important part in the operation of the Company.

On the eve of the application of this system I can only refer to the statement made in my previous report, to the effect that, while meeting its obligations and in particular the reparation obligations, the Company has entirely observed the provisions of the Railway Law. In particular it has maintained and developed its equipment and its material in a very satisfactory manner and has assured budget equilibrium while maintaining transport rates at a reasonable level in view of the interests of the country.

New railway régime.

In my previous report I summed up the principal modifications to be introduced into the railway régime upon the application of the new Experts' Plan. The essential provisions are as follows:

Abolition of the reparation bonds imposed upon the railways under the Dawes Plan and the substitution of a direct tax carrying certain privileges and guarantees, the amount of the tax remaining equal to the annuity payable in respect of the reparation bonds.

Assignment to the Reich of the proceeds of the transport tax.

Abolition of all foreign participation in the administration of the railways, that is to say of all intervention by foreign bodies such as the Reparation Commission, the Trustee, the Commissioner for the German Railways and foreign members of the Board.

Further the Plan provides for the maintenance of the private and independent character of the Company, including its independent administration in economic and financial matters and in questions affecting the staff.

An Organisation Sub-Committee composed of two representatives of the creditor Powers and two representatives of the Government of the Reich was set up by the first Hague Conference to examine the Law and the Statutes of the Railway Company, and to draw up proposals for their adaptation to the provisions of the New Plan. The Sub-Committee submitted its proposals to the second Hague Conference, which adopted them in their entirety.

Finally, the modifications proposed in the Law and the Statutes were adopted by the Reichstag and the new provisions were incorporated in the Law published in the Reichsgesetzblatt of March 13, 1930.

The amended Law and Statutes will come into force on the date on which the New Plan is declared to be applied, in conformity with the final protocol of the Hague Conference.

For information, I attach as Annex X to the present report the texts of the 1924 Law and Statutes, giving parallel with each article the amendments introduced under the New Plan.

* * *

Reparation payments.

The Reichsbahn has continued hitherto to make its reparation payments on the basis of the Dawes Plan by discharging the service of the railway bonds to an annual amount of 660 millions and paying over the proceeds of the transport tax, of which an amount of 290 millions is assigned to reparation payments.

The new Experts' Plan will introduce few changes in the payments. It maintains a contribution from the Company to reparations in the amount of 660 millions. The bases of the contribution are however modified: the railway bonds are abolished and in the place of the service of interest and amortisation of the bonds by the Company a direct tax in the amount of *ℛℳ* 660 millions, payable for thirtyseven years, has been substituted. The tax which the Company has to pay is to be met out of its gross receipts and ranks after the expenditure on personnel. It is on the same footing as the expenditure on material and consumable stores.

The transport tax can continue to be collected by the Company for the account of the German Government; but the contribution of 290 million gold marks, which the Government paid on reparation account out of the proceeds of this tax, will be abolished. The only provision made is that the reparation tax imposed upon the Company will, if necessary, include the transport tax; but apart from this the transport tax is freed from all liability with regard to reparations.

In conformity with a recommendation of the Experts' Committee, approved by the Governments, the provisions of the Young Plan take effect retroactively as from September 1, 1929. Financial adjustments will be made in such a way that the payments provided for in the Young Plan commence on September 1, 1929, while the Dawes Plan payments terminate on August 31, 1929.

This arrangement will have certain consequences for the Company as regards its reparation payments, although the nominal amount of these payments is fixed at 660 millions both in the Dawes Plan and in the Young Plan.

Under the Dawes Plan the service of the bonds was to be discharged twice a year at intervals of six months, and it is only under the agreements concluded each year between the Company and the Agent General and approved by the Reparation Commission that monthly payments were substituted for semi-annual payments.

In the case of the monthly payments made in anticipation of the semi-annual instalment the Company benefited by a discount, calculated since April 1 last on the Reichsbank discount rate of the twentieth day of the month preceding the date of payment. This discount yielded the Company an appreciable reduction of its payments, aggregating *ℛℳ* 8.9 millions for the year 1929.

The Young Plan on the other hand provides for monthly instead of semi-annual payments. Consequently, the Company will no longer benefit by a discount and in the financial adjustments to be made it will be necessary for the Company to make supplementary payments, corresponding to the amount of the discount granted since September 1, 1929. It should be added that the Young Plan fixes the payments in reichsmarks instead of in gold marks, and this will involve a further rectification.

As regards the transport tax, the retroactive application of the Young Plan involves no adjustment in so far as the Company is concerned, as the Company will continue to pay over the proceeds of the tax to the Reich, no matter whether they are assigned to reparations or not.

Annexes II and III show the payments made to date on the basis of the Dawes Plan in respect of the reparation bonds and the transport tax.

* * *

Financing of Capital Expenditure.

The expenditure on capital account effected by the Company during the first five business years aggregates ℛℳ 1,467.2 millions. This sum is distributed as follows:

	Million ℛℳ
Business year 1925 (15 months)	239.0
„ „ 1926	407.6
„ „ 1927	348.5
„ „ 1928	285.7
„ „ 1929	186.4
Total	1,467.2.

For the cover of this expenditure the Company disposed of the following resources:

	Business years 1925 to 1928	Business year 1929	Total
Issue of preference shares	581,000	—	581,000
Credits of the Reich			
a) to combat unemployment	80,000	—	80,000
b) to continue the construction of lines already begun	48,548	4,250	52,348
Loans of the States, communes, etc. for the execution of works	48,847	87,300	136,147
Balance covered by the profits of the Company	522,419	94,900	617,319
	1,280,814	186,450	1,467,264

No issue of preference shares was made by the Company in 1929 for the cover of expenditure on capital account. The Company considered conditions on the money market were not favourable for such an operation and preferred to wait until its liabilities under the new reparation settlement are definitively fixed and it is better able to judge the position of its credit.

An agreement was concluded during the Hague Conference between the Governments concerned, enabling the Reich to participate to the extent of $ 100 millions in the first loan to be concluded for the mobilisation of a tranche of the non-postponable annuities under the New Plan. The proceeds will go to the Reichsbahn and to the Reichspost, which will be called upon to assume responsibility for a corresponding proportion of the expenditure incurred by the Reich for the service of the loan.

At the time of writing, when the Dawes Plan is on the point of expiring, the only bonds issued by the Company in respect of a long-term loan are the preference shares in the total amount of *G.ℳ* 1,081 millions, distributed as shown in the following table.

Series	Date of issue	Nominal value (in millions of gold marks)	Rate of preference dividend %	Rate of issue %	Subscribers	Remarks
Series I	September 1925	500	7	At par	Reich	Under the Statutes the sale proceeds were to be assigned to the Reich, but the shares instead were handed over to the Reich
„ II	September 1925	124	7	96.77	Reich	
„ III	March 1926	107	7	94.0	Reich	
„ IV	June 1926	150	7	95.5	Public	Preference dividend guaranteed by the Reich
„ V	February 1928	200	7	93.5	Public	

As shown in this table, the Reich subscribed the whole of the first three series issued. The Reich is negotiating with a view to surrendering a part of the shares of Series II and III to the social insurance offices, to finance the transactions designed to cover the deficit of the unemployment insurance institute. According to press reports, the Reich proposes to assign shares of Series I to the States in payment of the compensation demanded by them for the transfer of the railways to the Reich.

In conformity with the old Statutes of the Company the preference shares are to be completely redeemed by the Expiration of the concession. They will be redeemed at the rates shown hereafter, plus current dividends and arrears: in the event of redemption before the expiration of the twenty-fifth year of the concession the rate will be 20 per cent above par; redemption from the twenty-sixth to the thirty-fifth year inclusive will be at 10 per cent above par; after the thirty-fifth year redemption will be at par.

The new Statutes have not changed these provisions as regards the preference shares already issued; but in the case of the new shares the right of redemption at any time, at a rate to be fixed by the Company on the occasion of the issue, is reserved.

The shares issued to the public are at present quoted on the Berlin Bourse at 96. The quotation, which reached 117 in 1927, ranged last year between 85 and 91, and at the beginning of January 1930 it even dropped to 83 immediately after the payment of the semi-annual interest. The rise of 13 points since recorded appears to be due to the general decline of rates for the capitalisation of long-term loans, and to a greater appreciation of these preference shares in particular, to which attention was drawn in connection with the proposals for the issue of a reparation loan.

*

* *

Financial results of Operation.

The accounts and the balance-sheet of the Reichsbahn for the business year 1929 were approved by the Board at its meeting on April 26.

They were closed as usual after an audit by the Hauptprüfungsamt, the Company's supervising organisation which is entirely independent of the services audited. In addition Herr Susat, Director of the Deutsche Revisions- und Treuhand-Aktiengesellschaft, was instructed by the Board to examine the conformity of the accounts with the provisions of the Railway Law and the Company's Statutes. The audit report of the Hauptprüfungsamt and Herr Susat's report were submitted to the Board before the approval of the accounts for the business year.

Annexes IV, V and VI show in the usual manner:

the operating account for 1929,
the profit and loss account for 1929,
the balance-sheet as at December 31, 1929.

In order to obtain a general idea of the results achieved by the Company during the application of the Dawes Plan it is of interest to compare the above-mentioned accounts with those of the four preceding business years. At the same time I shall show the results secured within the present territorial frontiers during the year preceding the war.

Operating account.

The receipts for the business year 1929 show an increase of 3.7 per cent by comparison with the business year 1928. If allowance is made for the tariff increase introduced at the beginning of October 1928, which was estimated to yield additional receipts

Operating account.

Year	1929	1928	1927	1926	1925 (12 months)	1913
	(in millions of reichsmarks)					
Receipts						
Passenger traffic	1,423.2	1,443.3	1,379.6	1,320.2	1,430.7	904.0
Goods traffic	3,485.4	3,276,4	3,226.4	2,830.6	2,868.7	1,927.0
Various receipts	445.2	439.5	433.3	390.0	369.6	226.7
Total	5,353.8	5,159.2	5,039.3	4,540.8	4,669.0	3,057.7
Payments						
I. Payments for Operation and Maintenance						
a. Payments to staff						
Salaries of officials	1,191.1	1,205.9	1,068.4	1,043.4	1,064.8	—
Wages of employees and workmen of Traffic Department	510,8	459.8	399.6	348.8	353.4	Payments to staff
Pensions and retaining pay, pensions of other persons having claims on the Company	477.9	482.2	424.0	418.5	405.6	
Other payments on account of staff	313,3	297.1	286.1	264.8	240.0	
Total	2,493.1	2,445.0	2,178.1	2,075.5	2,063.8	1.350.2
Less: General expenses for renewal and extension of plant	74.8	80.1	88.6	64.2	53.5	—
Balance a: Payments to staff	2,418.3	2,364.9	2,089.5	2,011.3	2,010.3	—
b. Payments for material						
Consumption of coal and other working materials, maintenance of furniture and equipment	488.8	449.9	440,1	394.1	418.7	Payments for material
Maintenance of permanent way and structures	343.8	285.1	308.5	284.4	343.3	
Maintenance of rolling stock	497.1	472.2	542.0	487.2	618.2	
Other payments for material	116.3	108.5	97.6	89.6	97.2	
Total	1.446.0	1,315.7	1,388.2	1,255.3	1,477.4	855.0
Less: General expenses for renewal and extension of plant	30.5	34.4	39.8	42.8	35.6	—
Balance b: Payments for material	1,415.5	1,281.3	1,348.4	1.212.5	1,441.8	—
Total payments for operating and maintenance (a and b)	3,833.8	3,646.2	3,437.9	3,223.8	3,452.1	—
II. Payments for Renewals						
Renewal of furniture and equipment	2.5	2.2	2.2	4.0	21.2	—
Renewal of permanent way, structures an buildings	402.3	392.5	479.3	375.4	353.4	—
Renewal of rolling stock	254.9	253.4	239.4	77.4	111.9	—
Extension in lieu of renewal	—	—	—	—	36.2	—
Total payments for renewals	659.7	648.1	720.9	456.8	522.7	—
Grand total of operating payments (I and II)	4,493.5	4,294.3	4,158.8	3,680.6	3,974.8	2,205.2
Operating surplus	860.3	864.9	880.5	860.2	694.2	852.5
Operating coefficient	83.93%	83.24%	82.53%	81.06%	85.13%	72.12%

[1] The business year 1925 covered 15 months, but to facilitate comparison the figures quoted have been confined to the calendar year.

to the extent of 5 per cent for the whole year, the additional receipts for 1929 as compared with 1928 (assuming an equal volume of traffic) should work out at 3.7 per cent, which is precisely the proportion actually obtained. This result suggests that, taken as a whole, the 1929 traffic must have maintained much the same level as in the preceding year. But the position is more complex and the various branches of traffic varied under very divergent conditions, as will be explained later on.

By comparison with 1925 the receipts show an increase of 14.5 per cent, which is equivalent to an annual increase in the four years of 3.5 per cent and may be regarded as satisfactory.

The growth of receipts from 1925 to 1928 is due entirely to the goods traffic receipts and to miscellaneous receipts. Passenger traffic receipts in 1929 show a decline by comparison with 1928 and are also below those of 1925.

Operating expenditure in 1929 aggregated ℛℳ 4,493.5 millions, representing an increase of 4.6 per cent by comparison with the previous year and of 13 per cent for the last four years. It should be noted that the growth of expenditure on material, including expenditure on renewals, was only $^1/_2$ per cent during the four years, whereas the increase of expenditure on personnel reached the considerable proportion of 20 per cent.

When it is remembered that the expenditure on material has suffered from the general increase of prices and that this expenditure includes the wages of workmen on the permanent way and in the workshops, which have been very considerably raised, the figures previously quoted would seem to point to a serious reduction of expenditure on material. The savings thus realised have nevertheless not prevented the Company from devoting the requisite funds to the normal upkeep of railway plant and operating security. The expenditure on renewals has in each year reached the theoretical minimum, which the Company considers as corresponding to the size of its plant and material. In a previous report I explained how the Company calculates this minimum, and I pointed out that the bases of the calculation ensure a proportion of renewals which is at least as high as on the neighbouring railway systems.

But, as I also pointed out, it must not be forgotten that in addition to this normal upkeep the Company is obliged to incur additional expenditure in consequence of the defective condition in which the system was taken over. The upkeep and renewal of track and superstructure in particular was seriously neglected during the war and the inflation, and the Company is today confronted with postponed repairs more and more urgently requiring execution. Hitherto inadequate resources have prevented the Company from making up the arrears and it has been obliged to make drastic cuts in the expenditure proposed under this heading.

Profit and loss account.

The Company's operating surpluses realised during the business years have been utilised as follows:

Profit and Loss Account.

Year	1929	1928	1927	1926	1925 (12 months)	1913
	(in millions of reichsmarks)					
Service of reparation bonds	539.7	545.1	553.8	574.3	332.7	450.3
a) interest	119.0	113.2	36.7	—	—	
b) amortisation						
Service of debts and new loans	3.5	2.5	2.1	0.1	—	
Legal reserve (2 per cent of receipts	91.8	103.2	100.8	90.8	93.4	—
Dividend on preference shares issued	75.7	75.7	61.6	40.4	3.0	—
Reserve for writing off concession	25.0	25.0	120.0	70.0	114.6	—
Extraordinary expenditure on extensions	—	—	—	—	—	294.0
Transfer of profits to the States	—	—	—	—	—	108.2
Reserve for the execution of the programme of constructional work	—	—	—	70.0	—	—
Carried forward	5.6	0.2	5.5	14.6	150.5	—
Total	860.3	864.9	880.5	860.2	694.2	852.5

The payments made in 1929 in respect of interest and amortisation of the reparation bonds totalled *ℛℳ* 658.7 millions. This total represents, at the rate of exchange of the various payments, the equivalent of *Gℳ* 660 millions; that is to say, as the reichsmark was generally above par during the year, the Company saved approximately 1.3 millions on its payments through exchange differences. Under the Young Plan the Company's payments are fixed in reichsmarks and no longer in gold marks.

The sum of *ℛℳ* 658.7 millions shown as representing the Company's payments does not allow for the discount received on the monthly instalments paid in anticipation of the semi-annual instalments. The discount realised 8.9 millions for the Company and is included in the miscellaneous receipts of the operating account. As I have already stated, no discount will be granted under the Young Plan.

The service of debts and new loans corresponds largely to the sums paid to the Reich in respect of interest and amortisation of the two loans of 80 and 53.3 millions granted to the Company to combat unemployment and for the continuation of work on certain new lines begun under the old system.

The payments into the legal reserve are calculated in the proportion of 2 per cent of the gross operating receipts, in conformity with § 25 of the Statutes. The legal reserve thus constituted, which totalled 408.2 millions on January 1, 1928, reached the prescribed limit of 500 millions in the course of the business year. From then onwards payments into this reserve were suspended, so that the total payments made during the business year aggregated only 91.8 millions. In future years, and so long as this reserve is not drawn upon, the Company can suspend its payments and devote its resources to other purposes. It should be added that the new Law reduces the legal reserve from 500 to 450 millions; but it prescribes the creation of a second reserve to the amount of 50 millions, which is designed to ensure regularity in the payment of the preference dividends and will be made up, when it drops below 50 millions, by the transfer of 1 per cent of the gross receipts.

A sum of 25 millions was paid in 1929 into the reserve for writing off the concession. As I have explained in other reports, the Company has not to concern itself with plant dating from before its creation, since the writing off of this plant is provided for in the Railway Law and ensured by the terms of that Law. The Company has only to consider plant dating from the time of its creation. The sum required for writing off such plant within a period of 60 years has been calculated by the Company at approximately 15 millions and has been raised, as in the previous year, to 25 millions. The period of amortisation is not fixed by the Railway Law, which stipulates (§ 8) that the question shall be settled by agreement between the Company and the Government. This agreement, already mentioned in the present report, has just been reached. It fixes the period of amortisation at 60 years.

The balance brought forward from the business year 1929 totals 5.6 millions. To this must be added, as shown in Annex V, the balance brought forward from previous business years, thus bringing the total profits carried forward to 1930 up to 178.9 millions.

Thanks to the restriction of expenditure effected during the business year it has been possible to balance the budget, leaving a small surplus of receipts. Nevertheless the Company points out in its report that this fact should not lead one to conclude that the position is entirely satisfactory. The reduction of expenditure which it has been necessary to undertake has prevented the Company from making up the large arrears in the upkeep and renewal of track and superstructure with which it was confronted upon taking over the railway system.

Balance sheet.

The most important item in the assets of the balance sheet, "concession in respect of the original property", represents, as already mentioned in my previous reports, the value of the usufruct of the concession granted to the Company. I have also explained how the Company has to amortise this item parallel with the annual amortisation of the reparation bonds.

Assets.

Year	1929	1928	1927	1926	1925
	(in 1,000 reichsmarks)				
Assets					
Concession in respect of the original property (less legal amortisation)	24,231.1	24,350.1	24,463.3	24,500.0	24,500.0
Concession in respect of increases of plant	1,467.2	1,280.8	995.1	646.6	239.0
Working supplies	315,1	310.6	407.5	439.0	485.4
Cash in hand	89.0	76.9	66.1	8.6	144.2
Credit balances with banks	577.0	532.8	374.1	532.1	344.6
Securities	171.7	165.2	171.6	38.5	—
Commercial paper	—	0.5	1.0	125.0	—
Claims: On traffic receipts account	21.6	18.7	11.4	20.1	20.8
Claims: On insurance and welfare organisations	0.1	0.2	0.1	0.1	0.9
Claims: Other claims	81,7	76.7	77.0	61.1	96.5
Suspense accounts	46 ,3	77.3	54.4	54.9	—
Holdings in other undertakings	18,0	17.6	16.5	8.0	6.5
Total	27,018.8	26,907.4	26,638.1	26,434.0	25,837.9

The changes introduced by the Young Plan in the Railway Law, particularly the abolition of the railway bonds and the substitution of a reparation tax for the payment of interest and amortisation of these bonds, will find expression in the balance sheet and will entail changes in a certain number of items. This will probably apply to the item "concession in respect of the original property taken over".

The "concession in respect of increases of plant" is an item representing the expenditure on extensions effected by the Company since its creation. In the chapter dealing with the financing of expenditure on capital account I stated that at the end of the business year 1929 this expenditure aggregated ℛℳ 1,467.2 millions.

"Working supplies" show an increase of 5 millions by comparison with the previous year. The Company always estimates them with prudence, allowing for a gross reduction before entering the item in the balance sheet, so that it constitutes something in the nature of a latent reserve with which to meet unforeseen requirements.

The resources of the Company represented by the total of the items "cash in hand", "credit balances with banks", "securities" and "commercial bills" rose from 775.4 millions at the end of 1928 to 837.7 millions at the end of 1929, an increase of 62.3 millions which is less than the increase of 91.8 millions of the legal reserve.

Liabilities.

Liabilities		1929	1928	1927	1926	1925
		(in 1000 reichsmarks)				
Ordinary shares		13,000.0	13,000.0	13,000.0	13,000.0	13,000.0
Preference shares:						
a) the proceeds of which the Reich is entitled to claim		500.0	500.0	500.0	500.0	500.0
b) the proceeds of which go to the German Railway Company		581.0	581.0	381.0	381.0	124.0
Reparation bonds (less legal amortisation)		10,731.7	10,850.1	10,963.3	11,000.0	11,000.0
Legal reserve		500.0	408.2	305.0	204.2	113.4
Working reserve		756.1	756.1	756.1	756.1	756.1
Reserve for writing off concession		390.0	365.0	340.0	220.0	150.0
Reserve for the execution of the programme of constructional work		—	—	—	70.0	—
Sundry debts	Caution moneys and suspense accounts	4.9	4.8	4.1	4.9	28.6
	Credits of the Reich:					
	To combat unemployment	80.0	80.0	80.0	58.0	—
	To complete lines the construction of which has been interrupted	52.4	48.5	28.7	5.7	—
	Insurance and welfare organisations	2.2	3.3	5.0	10.9	5.7
	Other debts	166.5	61.4	40.0	15.1	4.0
Net profit		254.6	249.0	234.9	208.1	156.1
to be distributed as follows:						
Preference dividend:						
Instalment paid on bonds of series IV and V		(12.3)	(12.3)	(5.3)	(5.3)	—
Still to be paid (Series I, II and III and balance for Series IV and V.)		(63.4)	(63.4)	(56.4)	(35.1)	(3.0)
Carried forward to next year		(178.9)	(173.3)	(173.2)	(167.7)	(153.1)
Total		27,018.8	26,907.4	26,638.1	26,434.0	25,837.9

The item "ordinary shares" remains unchanged. The item "preference shares" did not change in 1929 as the Company did not make any new issue.

The reparation bonds are reduced each year by the amortisation included in the payment of 660 millions devoted to the service of these bonds.

The legal reserve reached the maximum of 500 millions prescribed by the Railway Law during the business year 1929.

In my comments on the profit and loss account I indicated the circumstances which led the Company to fix the reserve for writing off the concession at 25 millions.

First results for the business year 1930.

The first few months of the business year 1930 present an unfavourable picture. The receipts for January and February fall short of the receipts in the corresponding months of 1929 by 56 millions; the March receipts are 76 millions short of the 1929 total. The decline is confined entirely to goods traffic and particularly to coal transports. Passenger traffic on the other hand shows a slight improvement, but this branch of traffic suffered very severely in 1929 from the extremely cold winter.

Below will be found the receipts for the first three months of 1930, together with those for the corresponding months of 1929 for purposes of comparison.

Year	Receipts (in millions of reichsmarks)		
	January	February	March
1929	387,014	369,552	462,100
1930	360,625	340,278	385,679
1930 as compared with 1929.........	—6.8 %	—7.9 %	— 16,5%

The results obtained in the first quarter of 1930 give reason to fear a very considerable decline of receipts for the year as a whole, particularly in the case of goods traffic. In the case of passenger traffic it is hoped that the decline will be small and that it will be largely offset by the additional receipts derived from the tariff increase introduced on the Berlin and suburban lines on February 1.

Owing to the serious falling off of receipts the Company has been obliged to cut down the estimated expenditure in order to maintain its budget in balance.

Accordingly a provisional programme has been drawn up for the first half of the year, whereby expenditure is restricted on the one hand by the savings which the decline of traffic renders possible in the payments for staff, and on the other hand by savings on fuel and consumable materials. Certain expenditure on renewal of plant has been postponed and expenditure on capital account has been cut down. These economies are however still insufficient to make good the decline of receipts.

The estimates for the entire year are based upon resources to the amount of 240 millions to be derived from the Company's share in the forthcoming reparation loan. These new resources will permit of a considerable expansion of expenditure on capital account, but they will not affect operating expenditure, which remains extremely restricted, particularly in the case of expenditure on renewals.

Faced with the drawbacks of this situation the Company has pressed the Government for permission to raise tariffs and has for many months past urged upon the Transport Minister the necessity for a tariff increase, calculated to yield ℛℳ 150 millions of additional receipts. The Transport Minister has not disputed the needs of the Company, but, owing to the fear of unfavourable effects upon the economic life of the country, he has endeavoured to find other means of procuring the requisite funds. It was suggested that a part of the transport tax proceeds might be assigned to the Company, but the financial position of the Reich at present does not permit of this solution.

Moreover as the Transport Minister attributes the financial difficulties of the Reichsbahn to the competition of motor traffic, he now proposes measures which he considers capable of alleviating the effects of competition. But it is to be feared that these measures will be difficult to apply and will in any case prove insufficient to cover the deficit. In the interests not only of the Company but of the German economy as a whole it is to be hoped that steps will be taken without delay to increase the Company's receipts. For a prolonged postponement of the question will have the effect of increasing the deficit and will subsequently necessitate higher tariffs than would now be sufficient to restore the balance in the Company's finances.

* * *

Position of staff.

Numbers.

In 1929 the Company's staff averaged 713,119, comprising 308,816 officials and 404,303 workers. The total, which was as high as 1,122,505 in 1919 as a result of the influx of demobilised staff, has been reduced to normal proportions by stages, thanks to the measures enacted by the Reich in 1923 and continuously applied by the Company since its creation in 1924.

The following table indicates the changes in the annual staff total since 1925 and in comparison with 1913:

Year	Total	Officials	Workers
1913 (new frontiers)	692,714	263,887	428,827
1925	732.961	331,712	401,249
1926	707,570	320,101	387,469
1927	704,016	313,672	390.344
1928	700,663	310,597	390,066
1929	713.119	308.816	404.303

These figures reveal two interesting facts:

In the first place the 1929 total is slightly higher than the 1928 total (by 12,456). This increase is due to additional works necessitated by the extremely severe winter, to the expansion of the train service and to the shortening of working hours.

Secondly a comparison of the 1929 total with that of 1925, the first business year of the Company, shows a decline of 19,842 in the numbers. The number of officials has dropped by 22,896 whereas the number of workers has increased by 3,054. This decline in the total number is due to the rationalisation measures adopted by the Company, which have resulted in better working methods and a higher return.

The volume of traffic has indeed increased considerably during the period 1925-1929. The number of train-kilometers rose by 27 per cent, the number of axle-kilometers by 23 per cent, and the distance covered by locomotives by 17 per cent.

A comparison of the years 1913 and 1929 shows that the number of passenger-kilometers, within the limits of the new frontiers, rose from 36,559 to 47,088 millions, while the number of ton-kilometers rose from 51,429 to 68,936 millions. Traffic has therefore increased by 28 and 22 per cent respectively.

For 1930 it was estimated that the average staff numbers would remain similar to those for 1929, i. e. about 717,000 altogether comprising 306,721 officials and 410,279 workers. Actually however the numbers during the first few months of the present year have fallen far short of the original estimates. The total, which was 648,092 (307,852 officials and 376,240 workers) in December 1929, declined as follows in January and February 1930:

1930	Total	Officials	Workers
January	671,190	307,621	363,569
February	668,970	307,704	361,266

The decline of 15,122 in three months, which is confined almost entirely to the workers, is about three times as great as the decline in the corresponding period of the previous year. It cannot therefore be explained solely on the ground of seasonal effects, and is due to a great extent to economic depression and the serious diminution of traffic recorded for several months past.

The financial difficulties of the Company, which I have already explained, have been aggravated by the decline of receipts and compelled the Managing Board at its meeting on March 24 to adopt a programme of immediate restrictions. Despite the drawbacks of such a programme, both for the staff and for the industries which benefit by railway orders, it was considered indispensable if the financial stability of the Company was to be maintained.

The programme lays down the following measures:

(1) The operating staff will be reduced by about 15,700. A part of the staff thus set free will be used to replace a corresponding number of temporary workers, whom the Company ordinarily engages in the spring for the upkeep and repair of the permanent way. The remaining staff for which no employment can be found on the permanent way will be dismissed. As a result of these measures the Company will engage fewer temporary workers than in previous years.

(2) In the repair shops it was arranged that working hours should be reduced on Saturdays for a period of eight weeks. It was hoped in this way to avoid dismissals of staff and to retain the whole of the workers, at any rate provisionally.

(3) But, as the volume of material utilised diminished in proportion to the decline of traffic and as repairs requiring execution in the workshops consequently diminished, the proposed measure soon proved inadequate. The Company was obliged to dismiss 4,000 workers on April 15. The total number of workers employed in the repair shops, which was 98,000 in 1929, will henceforth be only 94,000.

(4) The Districts have been requested to grant annual leave to officials preferably during those periods of the year when traffic is least heavy. In this way the staff will be at its full complement during the summer months when traffic is heaviest and it will be unnecessary to employ temporary substitutes.

The Company considers that the reduction of the operating staff and the possible employment of a part thereof on the permanent way should yield a saving of *RM* 44 millions per annum. The restriction of work in the repair shops will also realise a saving of some 12 millions.

This programme of restrictions, rendered necessary by the economic and financial situation, will be carried out with every consideration and the Company will not dismiss staff save where circumstances oblige it to do so. It may be assumed that when economic recovery sets in, the Company's policy with regard to staff will be adjusted to the new situation and to traffic requirements.

Officials.

A) Salaries

The salaries of officials have not changed since the reform introduced in January 1928, which took effect retroactively as from October 1, 1927. The principles of this reform have been explained in my previous reports.

In 1929 the Company expended *RM* 1,191 millions on the salaries of officials. According to its calculations, the average income of an official, which was 2,110 marks in 1913 and *RM* 3,125 in 1924, is today *RM* 3,883. If one takes into account the change in the purchasing power of the mark, the present income is 120.3 per cent of the 1913 income.

B) Pensions

The expenditure in respect of pensions to retired officials, to widows and orphans, and officials on retaining pay, totalled *RM* 477.9 millions in 1929. The Company considers that the charges under this heading will increase progressively in future years, reaching a maximum of approximately ℛℳ 600 millions in 1946. The amount at present spent on pensions by the Company is more than four times the amount expended in 1913. The average pension, which was 918 marks per annum in 1913, was ℛℳ 1,997 in 1929.

As I have explained in my previous reports, the considerable increase of pensions charges is due to causes for the most part outside the Company's control: viz the greater number of widows and orphans as a result of the war, the increase of the maximum rate of retaining pay, and the automatic increase of pensions following the raising of officials' salaries.

Workers

A) Wages

The wages of Reichsbahn workers were fixed until March 31, 1931 by an arbitral award of May 24, 1929.

The average wage per hour, including the various allowances attached thereto, is 87 pf. as compared with 42 pf. in 1913 and 63 pf. in 1924 at the time of the Company's creation. Calculated in proportion to the purchasing power of the mark the average wage today is equivalent to 135.7 per cent of the pre-war wage.

B) Social charges

The social charges in respect of workers, like the pensions of officials, have quadrupled since the war. In 1929 the Company paid ℛℳ 137.2 millions to social insurance institutions and the estimated expenditure for 1930 is 144 millions, whereas in 1913 the expenditure under this heading totalled only 35 millions.

Out of these 137.2 millions a sum of 82.4 millions was paid to legal insurance institutions, while the balance of 34.8 millions went to the voluntary funds instituted by the Company with a view to supplementing state insurance.

The 82.4 millions of legal insurance is distributed as follows:

Sickness	25.4 millions,
Unemployment	14.3 „
Old age	19.8 „
Accident	20.7 „
Miscellaneous	2.2 „ .

The following table shows the aggregate expenditure on the staff of the Reichsbahn in 1913 and since 1925. There has been a steady increase and expenditure on staff is now more than double what it was in 1913. In 1930 it will exceed the 1925 figure by some 550 millions. One can thus appreciate the task accomplished by the Company for the benefit of its staff, while maintaining its financial position.

Year	Officials' salaries	Officials' pensions	Workmens' wages	Social charges	Total (including allowances and various bonuses)
	(in millions of reichsmarks)				
1913	556.7	114	543.2	35	1,350.2
1925	1,064.8	405.6	760.1	84.5	2,470.5
1926	1,043.4	418.5	784.6	107	2,511.3
1927	1,068.4	424	832.9	117.8	2,611.5
1928	1,205.9	482.2	913.5	130.8	2,898.2
1929	1,191.1	477.9	983.2	137.2	2,965.5
1930 (estimates)	1,191.6	485	1,018.4	144.3	3,018.4

* * *

Development of traffic and tariffs.

In my previous report I described the development of passenger and goods traffic in 1929 down to October, on the basis of provisional results.

I shall now give the final results for 1929, together with some information on the development of traffic in the early months of 1930. In addition I shall explain certain passenger tariff increases recently introduced, and also the programme for the increase of goods tariffs drawn up by the Company.

Passenger traffic and tariffs.

The final results of passenger traffic for the year 1929 were as follows:

Year	1927	1928	1929	1929 as compared with 1928
Receipts (in 1,000 ℛℳ)	1,379,572	1,443,338	1,423,236	— 1.4 %
Passengers transported (in 1,000)	1,909,236	2,009,446	1,980,281	— 1.4 %
Passenger-kilometers (in 1,000)	45,547,898	47,649,043	47,088,347	— 1.2 %
Mean distance of transport in kilometers	23.86	23.71	23.78	+ 0,3 %

It will be seen that there was a slight decline of traffic in 1929 by comparison with 1928: receipts diminished by 20.2 millions or 1.4 per cent, the number of passengers transported declined by 1.4 per cent and the number of passenger-kilometers by 1.2 per cent.

The 1929 traffic results are even less favourable when one deducts the Berlin and Hamburg urban and suburban traffic, which is of a type apart, from the total figures. Omitting this urban and suburban traffic, the number of passengers transported by the Reichsbahn dropped from 1,523 millions in 1928 to 1,460 millions in 1929, or a decrease of 4.3 per cent; the number of passenger-kilometers dropped from 42,193 millions in 1928 to 41,060 millions in 1929, or a decrease of 2.8 per cent.

Although the 1929 traffic results were to a certain extent affected by an extremely severe winter and a large increase of unemployment, they none less offer a serious illustration of the stagnation of passenger traffic recorded for some years past on the German railway system and on several foreign systems. Leaving aside the Berlin and Hamburg lines, the passenger traffic results of the last few years compared with those of 1925 (the first year of the Company's existence) are as follows:

	1925	1926	1927	1928	1929
Passengers transported	100	85.3	90.3	94.0	90.0
Passenger-kilometers	100	88.1	94.4	98.0	95.4

The stagnation of passenger traffic is no doubt largely to be explained by the competition of motor traffic.

To prevent the desertion of its customers to motor traffic the Reichsbahn is endeavouring to improve train services by increasing their speed and number and by arranging better connections.

In addition the Company grants special reductions for Sunday excursions, holiday travel and for large parties travelling together. But the Company cannot consider a general tariff reduction, since passenger traffic receipts scarcely cover the cost of transportation. Moreover a reduction of railway fares does not appear to be likely to have any marked effect on the dangerous competition of private motor cars and motor bicycles.

During the first quarter of 1929 passenger traffic suffered a serious decline, due to the exceptionally cold winter and to the prevalence of unemployment in Germany, but the position improved

Month	Receipts (in 1,000,000 ℛℳ)		1929–30 as compared with 1928–29	Passengers transported (in 1,000,000)		1929–30 as compared with 1928–29
	1929–30	1928–29		1929–30	1928–29	
1929						
January-September ..	1,116.1	1,127.8	— 1.1 %	1,498.9	1,513.4	— 0.9 %
October	110.3	113.7	— 3.0 %	160.7	168.0	— 4.3 %
November	93.7	94.4	— 0.7 %	156.2	159.1	— 1.8 %
December	103.1	107.4	— 4.0 %	164.5	168.9	— 2.6 %
1930						
January	93.0	95.4	— 2.5 %	158.5	157.0	+ 0.9 %
February	83.9	78.5	+ 6.9 %	143.6	138.2	+ 3.9 %
March	101.3	111.6	— 9.2 %	157.8	158.7	— 0.6 %

during the summer months. For the period May-September the volume of traffic was even slightly larger than in 1928. But from October onwards the situation deteriorated and passenger traffic during the Christmas holidays was appreciably smaller than in 1928. Below will be found the figures showing the development of traffic since last October.

Passenger traffic during the last few months was unfavourably affected by the growth of unemployment (2,231,619 unemployed estimated at the end of January) and by the precarious position of industry and trade. Winter sports traffic was practically non-existent, while on the other hand the favourable climatic conditions encouraged passenger travel by motor. February shows an increase by comparison with last year, but this is due to the exceptional traffic depression caused by the extremely cold weather in February 1929.

It is not at present possible to estimate the development of passenger traffic in 1930. I would mention however that, in view of the results of the last few months, the Company has thought it advisable to modify its estimates of receipts in 1930, by allowing for a decline of 1.4 per cent in traffic by comparison with 1929.

Passenger traffic receipts in 1929 totalled 1,423.2 millions, or a decrease of 20.2 millions by comparison with 1928. The reform of the passenger class system, introduced on October 7, 1928, resulted, in accordance with expectations, in an appreciable increase in the number of 2nd class passengers and greater preference for express trains. On the other hand the financial results of the reform have fallen short of the expectations. With an equal volume of traffic an increase of 3 per cent in the receipts was estimated, but for the first year of application of the reform the receipts per passenger-kilometer increased by only 1 per cent.

This is due partly to the considerable increase in the number of season tickets, which were exempted from the higher tariffs. The number of passenger-kilometers at reduced fares rose from 19.6 milliards in 1928 to 20.2 milliards in 1929, whereas traffic as a whole recorded a slight decline.

This state of affairs attracted the attention of the Managing Board, which decided in principle to apply the 12 per cent increase introduced on October 7, 1928 with the reform of passenger classes, to season tickets. This proposal, which should yield additional receipts to the amount of 11.6 millions per annum, has been included in the general programme of higher tariffs which I shall discuss subsequently.

Berlin transport service.

In my previous reports I described the electrification of the Berlin urban and suburban lines by the Company. The work commenced at the end of 1926. On October 7, 1928, the Erkner–Potsdam line, which runs on the Stadtbahn line through the City, was opened for electric traction; on May 15, 1929, the entire programme of electrification was completed.

Electrification, the cost of which has been considerable, has greatly improved the operation of the suburban services. The improvement has resulted in a large increase of passenger traffic, which has also been promoted by certain tariff measures.

Below will be found the traffic returns for the Berlin system since 1927:

	1927	1928	1929	1929 compared with 1928
Receipts (in 1000 *ℛℳ*)	64,673	68,175	73,946	+ 8.5 %
Passengers transported (in 1000)	358,872	394,250	425,435	+ 7.9 %
Passenger-kilometers (in 1000)	3,864,921	4,544,878	5,089,786	+ 12.0 %

It is interesting to note that the growth of traffic on the Berlin system in 1929 as compared with 1928 is greater than the growth of traffic on the municipal transport undertakings. The number of passengers transported by the latter undertakings rose from 1,182 millions in 1928 to 1,226 millions in 1929, or an increase of 3.7 per cent; if journeys including a change from one means of conveyance to another are included, the numbers rose from 1,392 millions in 1928 to 1,482 millions in 1929, or an increase of 6.5 per cent.

The growth of traffic on the Berlin system has continued during the last few months. The number of passengers transported had increased, as compared with the corresponding months of the previous year, by 16 per cent in December 1929, and by 21 per cent in the first quarter of 1930.

Owing to the unduly low tariffs the receipt per passenger-kilometer in 1929 was only 1.45 pf. and the Berlin system is worked with a large deficit. According to the Company's estimates this deficit, allowing for capital charges, totalled 45 millions in 1927, 48 millions in 1928 and 46 millions in 1929

The Company did not think it possible to raise tariffs in order to remedy this state of affairs, in view of the very low fares in force on the rival municipal tramway, motor-bus and underground services. In September 1927 tariff reductions were even granted on certain sections of the Reichsbahn system and the system was excluded from the general tariff increase introduced in October 1928.

The situation has changed as a result of the tariff increase introduced on the municipal transport undertakings on January 1, 1930. The single ticket entitling passengers to change from one means of communication to another has been raised from 20 to 25 pf., and season tickets on the underground and the tramways have been correspondingly raised.

In the circumstances the Company has also been able to raise its tariffs and the increase came into force on February 1, 1930. The new fares, which apply on that part of the system with the heaviest traffic (the Stadtbahn, Ringbahn and the first sections of the suburban lines), compare with the old fares as follows:

	Single tickets				Monthly tickets			
	2nd class		3rd class		2nd class		3rd class	
	old fare	new fare	old fare	new fare	old fare	new fare	old fare	new fare
	Pf.	Pf.	Pf.	Pf.	Pf.	Pf.	Pf.	Pf.
Short distances ...	25	30	15	20	11.00	13.50	6.50	9.00
1st zone	30	40	20	25	12.00	15.00	8.00	10.00

The new tariffs have been fixed in such a way as to preserve the same relations as before between the Reichsbahn fares and the fares of the municipal undertakings. Thus the fare for a journey on the Stadtbahn is still 5 pf. lower than the fare on other means of transport.

In addition the fares on other tariff zones of the suburban system have been raised slightly, while at the same time the number of zones has been reduced from 19 to 13.

The price of a ticket entitling the holder to change from the Reichsbahn on to the municipal transport undertakings und vice versa has been raised from 30 to 40 pf. It should be noted that the number of journeys involving such a change increased considerably during the past year, rising from 14.2 millions in 1928 to 20.5 millions in 1929.

According to the Company's estimates the tariff increase on the Berlin urban and suburban system should yield additional receipts in the amount of some 17 millions reichsmarks per annum; but this will not suffice to cover the deficit, which is estimated at ℛℳ 46 millions for 1929.

Goods traffic and tariffs.

The final results of goods traffic in 1929 were as follows:

	1927	1928	1929	1929 as compared with 1928
Receipts (in 1000 ℛℳ)	3,226,401	3,276,357	3,485,405	+ 6.4 %
Tons transported (in 1000)	434,063	432,259	436,010	+ 0.9 %
Ton-kilometers (in 1000)	64,887,715	66,337,575	68,936,075	+ 3.9 %
Mean distance of transport (in km.)	149.49	153.47	158.11	+ 3.0 %

In the first place it will be noted that the average distance per ton again increased considerably in 1929. This is due to the fact that long-distance transports passed, at the beginning of the year, from the frozen waterways to the railways, and to the fact that coal consignments to foreign countries increased. Accordingly the number of ton-kilometers increased by approximately 4 per cent in 1929 by comparison with 1928, whereas the number of tons transported increased by only 1 per cent.

The growth of traffic recorded in 1929 is due entirely to coal transports. The position under this heading was favourable throughout the year, but particularly during the early months of 1929 in consequence of the suspension of traffic of the waterways and the larger consumption of coal in Germany.

In the case of goods other than coal there was a considerable decline, as is shown by the following figures:

Year	Coal		Goods other than coal	
	Tons	Ton-kilometers	Tons	Ton-kilometers
	in 1000		in 1000	
1927	159,677	22,675,360	274,386	42,212,355
1928	158,327	23,303,122	273,932	43,034,453
1929	172,660	26,939,103	263,350	41,996,972
1929 as compared with 1928	+ 9.1 %	+ 15.6 %	— 3.9 %	— 2.4 %

In the case of the distribution of tonnage transported according to provenance and destination, 1929 shows a decline of 8 per cent in consignments coming from abroad, whereas transports to foreign countries increased by 19,3 per cent. This tendency, which was already in evidence in 1928, corresponds to the position of Germany's foreign trade, for since 1927 imports have declined while exports have considerably increased.

Service transports, including those effected on capital account, totalled 49,910,700 tons in 1929, being an increase of 2.5 per cent by comparison with 1928. These transports represent 10.3 per cent of the total tonnage.

The total receipts from goods in 1929 amounted to ℛℳ 3,485.4 millions, or an increase of 6.4 per cent by comparison with 1928. This increase is largely due to the higher tariffs introduced on October 1, 1928. The receipt per ton-kilometer in the case of commercial transports amounted to 4.87 pf. in 1928.

Taken as a whole the 1929 goods traffic results illustrate the decline of activity already noted in 1928, which followed upon the rapid recovery of traffic in 1926 and 1927.

During the last two years the mean distance of transport has, it is true, risen from 149.5 km. in 1927 to 158.1 km. in 1929; but there has been no increase in the tonnage loaded, which remains much the same in 1929 as in 1927. The very considerable increase in coal tonnage only offset the decline of other transports.

Since the war the growth of traffic appears to have been much slower than the growth of production and trade. This is to be explained in part by the extension in recent years of new means of transport, particularly motor transport. The stagnation of traffic shows that the future development of railway transports must be estimated with prudence.

Taking the goods traffic returns up to October 1929 it will be noted that, after a serious falling off in the first three months of the year as a result of exceptionally cold weather, the position considerably improved.

In April and May there were in addition to the normal transports certain transports which it was impossible to effect in the previous months. Secondly, traffic was favourably affected from the summer onwards by the growth of output and by greater activity in the building trade and in certain branches of industry. Thus the tonnage transported, which declined by 10.3 per cent as compared with 1928 during the first three months of the year, showed an increase of 6.4 per cent for the period April-August 1929.

But from September onwards developments were less satisfactory, as is shown by the following table which gives the figures for 1929 and the early months of 1930.

	Receipts in 1,000 ℛℳ		1929-30 as compared with 1928-29	Number of cars loaded per working day			1929-30 as compared with 1928-29
	1929-30	1928-29		1929-30	1928-29	1927-28	
1929							
January—September	2,604,757	2,416,925	+ 7.8%	150,305	148,869	145,803	+ 0.9%
October	327,445	319,134	+ 2.6%	164,964	162,039	166,380	+ 1.8%
November ..	299,618	284,782	+ 5.2%	165,256	158,264	166,246	+ 4.4%
December ..	253,585	255,516	— 0.7%	142,954	141,815	146,589	+ 0.8%
1930							
January	241,746	264,620	— 8.7%	126,180	129,831	136,174	— 2.8%
February ...	224,070	254,803	—12.1%	124,531	127,998	143,360	— 2.7%
March	253,922	318,802	—20.3%	131,370	149,300	150,698	—12.0%

The tonnage transported during the period September-December admittedly exceeded the tonnage of the corresponding period in 1928 by 2.2 per cent; but it must be remembered that in 1928 the autumn traffic results were unfavourably affected by the lockout in the Ruhr metal industry. During the early months of 1930 the situation rapidly deteriorated.

The total number of cars loaded in January and February 1930 shows a decline of 12 per cent by comparison with the corresponding months of 1928, and it is even below the figures for the first two months of 1929 which were already particularly unfavourable. The results available for March and April 1930 are still more unsatisfactory.

This considerable decline of traffic is due to certain causes operating in addition to the seasonal falling off of transports.

In the first place the unsatisfactory economic situation in Germany, the diminished activity of industry and trade, and the restriction of the building programmes of the public authorities have had an unfavourable effect upon goods traffic. It should be noted that on February 15 last the number of unemployed was the same as in 1929, despite the mild weather. Secondly, traffic on the waterways was at no time suspended this year and lorry transports were not impeded by snow as is normally the case.

Lastly, not only were industrial coal requirements reduced, but the domestic consumption of coal was also restricted by the mild weather. Coal sales have diminished considerably since December and pithead stocks in the Ruhr coalfield totalled approximately 5.4 million tons at the end of March.

Below is shown the number of cars loaded per working day during the first few months of 1930 in the most important German coalfields.

	Ruhr		1929-30 as compared with 1928-29 %	Central Germany		1929-30 as compared with 1928-29 %	Total[1]		1929-30 as compared with 1928-29 %
	1929-30	1928-29		1929-30	1928-29		1929-30	1928-29	
1929									
November ...	30,530	25,416	+ 20.1	11,810	10,861	+ 8.7	51,065	44,590	+ 14.5
December ...	30,731	26,869	+ 14.4	10,045	10,651	− 5.7	48,737	45,179	+ 7.9
1930									
January	27,295	29,452	− 7.3	7,484	10,149	− 26.2	41,888	47,217	− 11.3
February	24,696	33,391	− 26.0	6,090	9,735	− 37.5	36,276	52,129	− 30.4
March	23,469	35,389	− 33.6	5,696	10,352	− 45.2	34,977	54,712	− 36.0

[1] Including transports from the Upper and Lower Silesian coalfields.

This considerable falling off in coal transports, simultaneously with a certain decline of other goods traffic, has had an unfavourable effect on the returns.

To complete this information I shall give figures showing the development of transports on the Reichsbahn and on the waterways in 1913 and after the war.

	Tonnage transported (in millions of tons)	
	Reichsbahn	Waterways
1913 (present frontiers)	399.0	97.0
1925	373.0	86.2
1926	381.9	102.6
1927	434.1	111.8
1928	432.3	107.6

The tonnage transported on the Reichsbahn increased in 1928 by 8.3 per cent as compared with 1913, while on the waterways it increased by 10.8 per cent. The tonnage transported on the waterways represented 19.5 per cent of the total in 1913 and 20 per cent in 1928.

From the returns at present available traffic on the waterways was favourable in 1929, despite the exceptionally severe winter which held up shipping for nearly 3 months. The tonnage entering and leaving the principal river-ports and points of transshipment increased by 3.7 per cent as compared with 1928.

At the beginning of my report I stated that, as a result of the disproportion between income and expenditure the Company was compelled to apply for a tariff increase, in order to obtain an additional 134 millions of receipts (150 millions less the 16 millions derived from the tariff increase on the Berlin system introduced on February 1 last).

With this intention the Company has drawn up a scheme for the increase of passenger and goods tariffs, the main features of which I shall summarise below.

In the case of passenger tariffs season tickets, which were exempted from the tariff increase introduced on October 8, 1928, will be raised by 12 per cent.

The minimum charge in the tariff for express consignments will be raised from 40 to 50 pf. and increases of 10 to 20 pf. will be introduced in transport charges for the first and last few sections of the scale of distances.

In addition the minimum charge of the baggage tariff will be raised from 20 to 40 pf., and at the same time the scale of distances will be reduced in order to simplify the tariff and adjust it to the express consignments tariff.

In the case of goods tariffs the following proposals have been made:

a) Tariffs for single package consignments. These tariffs will be systematically revised while taking into account, as far as possible, the cost price of this type of transport. The charges for small consignments, which yield no profit, will be considerably increased, while reductions will be granted on heavy consignments in accordance with the rule adopted with transports of goods in complete car-loads.

The system of calculating charges for single package consignments according to the value of the goods will be abandoned and the existing tariffs will be replaced by a single tariff with three grades of weight (1—500 kg, 501—1,000 kg and over 1,000 kg). The ratio of transport charges of these three grades will be 100 : 90 : 80, being equivalent to a reduction of 20 per cent for consignments weighing more than 1,000 kg.

The consignment charge for packages up to 1,000 kg will be increased by a supplement of 40 pf. per consignment. The charge for fast consignments will be calculated according to the tariff for slow consignments but for double the weight; for express consignments the rate will be for three times the weight. The minimum charge, including the fixed supplement, will be 60 pf. for slow consignments, 80 pf. for fast consignments and 𝒭ℳ 1.20 for express consignments. For consignments weighing up to 1,000 kg the present scale of charges will be replaced by a tariff calculated according to distance.

The revision of tariffs is expected to yield additional receipts to the amount of ℛℳ 50 millions per annum. The Company considers that the new system will also render the supervision and despatch work simpler and more economical. The reduction granted on heavy consignments will moreover encourage consignors to combine small consignments, the conveyance of which entails a heavy loss for the railways. In this way consignments and transportation will be facilitated, and the utilisation of cars will be improved.

b) *Tariff for goods in complete carloads.* It is not intended to introduce a uniform increase in all normal categories, for heavier charges in the higher categories would still further encourage the trend of these goods to motor transport. Thus the rates of categories A and B will not be touched, while an increase of 2 per cent will be introduced in category C, of 5 per cent in category D, of 7 per cent in category E, and of 9 per cent in categories F and G.

The ratio of charges for the extreme categories, which is at present 100 to 27.2, will in future be 100 to 30. Thus the pre-war tariffs, which (by comparison with the present system) entailed relatively higher charges for raw materials in the lower categories, will be more closely approached.

In the case of the special tariffs, the general coal tariff and the milk tariff will be raised by 9 per cent. The other special tariffs will be raised in proportion to the normal categories to which they are attached.

No increase will in principle be applied to the special tariffs known as competitive tariffs, and the livestock tariff will also be exempted from the increase owing to the difficulties of the livestock market in Germany.

The Company estimates that the tariff increase, as described above, will yield additional receipts in the amount of 134 millions per annum (while allowing for a certain falling off of traffic), of which 122 millions will be derived from goods traffic and express consignments and 12 millions from passenger traffic and baggage.

The scheme for the tariff increase designed to make good the increase of the Company's expenditure was drawn up at the beginning of the year. In the interval the decline of traffic during the first quarter of 1930 has resulted in a decline of ℛℳ 132 millions in the receipts by comparison with 1929, and it is clear that the proposed tariff increase will only partly offset the decline of receipts which may be expected for the year as a whole.

Competition from motor traffic.

In my previous reports I have explained in detail how competition between motor transport and the Company developed, and the measures adopted by the latter in defence of its traffic. This question grows more important every day, not only for the railways but also for trade and industry in general. It has recently been the subject of lively discussions and I consider it advisable to summarise the situation as it stands today.

The number of automobiles and motor bicycles circulating in Germany has increased rapidly in recent years: the increase by comparison with the preceding year was 26.6 per cent in 1927, 28.9 per cent in 1928 and 30.1 per cent in 1929. On July 1, 1929 the total number of motor vehicles of all kinds was 1,214,059. In proportion to the population the number of motor vehicles in Germany is still far behind the number in other European countries and in America. In 1929 there was only one automobile per 111 inhabitants as against one per 35 inhabitants in Great Britain and one per 38 in France. It will be seen therefore that, despite the progress made, there is still a large margin for the development of motor traffic in Germany.

In recent years motor services for the combined transport of passengers and goods have expanded very rapidly in Germany. Apart from the Reichspost, which operates more than 37,000 km. and transported 68.8 million passengers in 1928-29, there are many other transport undertakings. The undertakings combined in the four big German motor transport companies operate 17,000 km of lines and transported 242 million passengers and 860,000 tons of goods during the first half of 1929.

Despite the important part played by regular motor services, by far the most serious competition for the Reichsbahn is that of private motor cars in the case of passenger traffic, and that of occasional transports organised by factories and individuals for their own needs or by collective consignors in the case of goods traffic.

It is estimated that motor traffic in 1928 totalled approximately 14 milliard passenger-kilometers and 4 milliard ton-kilometers. This is equivalent to 30 per cent of the Reichsbahn's passenger traffic and 6 per cent of its goods traffic.

The Company estimates the loss of receipts through the competition of motor traffic at 190 millions for passenger traffic and 220 millions for good traffic in 1929, making a total of 410 millions equivalent to approximately 8 per cent of the total receipts for the year. On the other hand it must be remembered that the growth of motor traffic and of the automobile industry has resulted in a general increase of traffic, the receipts from which are estimated at 50 millions per annum.

Although the above estimates necessarily involve a large element of uncertainty, they nevertheless illustrate the importance of competition from motor traffic, which is revealed likewise by a study of the transport statistics of the Reichsbahn. Whereas the total tonnage of commercial goods transported increased by 16.8 per cent between 1925 and 1929, the tonnage of parcel consignments increased by only 7.6 per cent and the tonnage of goods in complete carloads of the higher categories A, B and C remained unchanged.

It is clear therefore that the tonnage of goods with high tariff rates, which are particularly exposed to competition from motor traffic, records no progress, whereas the tonnage of bulky goods, the conveyance of which yields little remuneration to the railways, continues to increase.

The financial position of the Reichsbahn is thereby seriously endangered and in recent years the Company has been obliged to resort to every opportune measure for the protection of its traffic. In the first place it has introduced important improvements in the goods services. The speed of ordinary goods trains has been raised as a result of the introduction of the continuous brake to 45 km., and that of the through goods trains to 60 km. The time of delivery has been considerably reduced and light trains, composed of one or two vans for the rapid transport of parcel consignments, have been put into circulation. Experiments have also been made with the system of transport by containers. Further, the Company has endeavoured to reduce the very high cost price of transportation of parcel consignments by reducing the number of transhipment stations and utilising mechanical means for the registration of consignments.

It has nevertheless become apparent that the steps taken, although extremely useful, are not sufficient to put a stop to the desertion of goods traffic. For this reason the Company has endeavoured to acquire a certain control of road traffic by means of close collaboration with the most important motor companies. This policy has not however met with the hoped for success, and the so-called Eisenbahnkraftwagenverkehr (combined rail and motor traffic), which is carried out in conjunction with motor transport companies, has undergone only a very limited extension.

By mutual agreement the Reichsbahn dissolved the contract with the group of companies known as the Kraftverkehr Deutschland as from November 15, 1928. The Company has thus regained its freedom of action and on June 28, 1929 it concluded a very interesting agreement with the Reichspost. This agreement, the most important provisions of which have already been explained in my previous report, is designed to establish a rational and economic organisation of motor transport. It ensures to the Reichsbahn a certain control of road passenger traffic, particularly in the case of services parallel with the railway. It also leaves the Reichsbahn full freedom with regard to the institution of motor services for goods. In a memorandum recently published on the competition of motor traffic the Deutsche Industrie- und Handelstag made the following remarks with reference to the agreement: "It is extremely regrettable that this agreement between the two biggest transport undertakings in the Reich, very desirable as it is in itself, was not concluded much sooner. The lack of co-operation has for several years involved the Reichspost in the conduct of uneconomic services and the Railway Company in losses of traffic which will continue even after the conclusion of the agreement."

Since the end of 1927 the Reichsbahn has also endeavoured to defend its goods traffic against competition from motor traffic by special tariff reductions. The Company has however avoided recourse to general tariff measures such as the abolition of the higher categories of goods A and B, for such measures would disorganise the present tariff system and would involve useless financial sacrifices in many cases where traffic is not threatened. The Company has therefore preferred to grant reductions in the form of special tariffs, known as K tariffs, the application of which can be limited to special cases where it is possible to arrest the trend of transports to motor services or to recapture transports which have already deserted.

The K tariffs I have discussed in detail in my previous reports. I would merely recall that, as a rule, these tariffs only apply to specified distances and are conditional upon the delivery of a certain tonnage annually to the railways. At present these tariffs number about 200, having increased very considerably in the course of last year, particularly since the Company reached the conclusion that the policy of cooperation with private companies for the creation of motor services operated separately would not solve the problem of competition between road and rail.

This tariff policy has been the subject of criticism, mostly in circles interested in motor traffic. The K tariffs are condemned as complicating the tariff system by increasing the already large number of special tariffs. It is further argued that they do not conform to transport legislation, and that they offer advantages to the big consignors and to certain districts where traffic is dense. The Reichsbahn has on several occasions replied to these criticisms. The variations in transport charges are not due to the existence of the K tariffs, but to the fact that certain big consignors are in a position to make good use of motor transport. This new means of transport, which has deprived the railways of the monopoly formerly enjoyed by them, is in reality the cause of the drawbacks attributed to the K tariffs. In the absence of these special tariffs the railways would have no other alternative than to defend their goods traffic by a general reduction of the higher tariff categories A, B and C, or to abandon the transport of such goods to the automobile. In either case the Company would be obliged, in order to restore its financial stability, to raise the tariffs for bulky goods considerably to the great detriment of the country as a whole. In addition it is necessary to take into account the fact that such a tariff increase would encourage competition from shipping, and this would entail a further loss of receipts.

The K tariffs would therefore seem to be a necessary weapon of defence, nor do they appear to be contrary to transport legislation. Even before the war the German Railways granted reductions for the purpose of protecting their traffic and in the present tariff scale one again finds instances of special tariffs, conditional upon the delivery of a certain tonnage to the railway, thereby favouring a group or sometimes even a single consignor.

It appears to me of interest to give a brief summary of the recommendations made to the Company with regard to tariff measures against the competition from motor traffic, which are contained in the memorandum of the Industrie- und Handelstag previously quoted. The reduction of the supplements charged for fast and express parcel consignments is recommended. Further, the Company is advised to abandon the tariffs for slow parcel consignments calculated on the value of the goods, and to scale the transport charges according to weight with preferential treatment for large consignments. The supplements for 5 and 10 ton consignments of goods in complete carloads in categories A and B should be reduced, and if necessary category A should be abolished. The carting service should be rationalised. As regards passenger tariffs, the memorandum suggests reductions in the form of book tickets for round trips, book tickets on a kilometric scale and return tickets. The Company has already considered the application of some of these measures, particularly the reform of the parcel consignment tariffs.

Despite the favourable results obtained from the K tariffs, the Company considers that they are only a temporary remedy and will prove inadequate in the defence of traffic in the future, if legislation continues to place the railways at a great disadvantage by comparison with motor traffic through the regulations and heavy charges imposed.

Railway tariffs have to be submitted to the Government for approval; they are subject to certain conditions of publicity and fixity, and services have to be run regularly and permanently, whereas the automobile in general enjoys complete freedom in all these respects.

The railways are entirely responsible for the construction and upkeep of the permanent way, for the expenditure on level crossings and on signalling plant. Automobiles on the other hand contribute only a part of the cost of upkeep of the roads they use, and they bear no share of the cost of the police force and of running security, which is already very high in the towns and will no doubt increase considerably with the growth of traffic.

The proceeds of the automobile tax in 1929 are estimated at *RM* 205 millions, whereas expenditure on the construction and upkeep of roads during the last few years has averaged 650 millions per annum. It has also to be remembered that the Reichsbahn is liable on behalf of the community to very heavy charges, in particular to reparation payments and to the transport tax (the latter alone amounts to approximately 330 millions for 1929).

In its memorandum "the Reichsbahn and motor traffic" recently published the Company demands: a) that motor traffic should bear the whole of the cost of roads in so far as it can be fairly imposed;

b) that motor traffic should also bear a corresponding part of the social or general utility charges at present imposed upon the Reichsbahn.

The question of the concession of motor services has also occupied the attention of the Reichsbahn. Under the terms of the present law only regular motor services in Germany are obliged to obtain a concession. But, as I have already said, casual motor transports are responsible for the most serious competition with the Reichsbahn. The Company has therefore demanded that the provisions governing such transports should be more severe and that anybody running motor services on behalf of a third party in return for remuneration should be obliged to obtain a concession; the concession should be subject to certain conditions from the standpoint of tariffs and competition.

The Company's demands for legal measures in defence of its traffic have met with a favourable reception in industry and commerce. The Industrie- und Handelstag, in the memorandum already quoted, demanded that motor goods traffic carried on on behalf of third parties in return for remuneration shall be made subject to a concession in the case of long distance transports (e. g. of more than 50 km, from the outskirts of towns). In addition it has been suggested that the concession should be granted subject to the payment of a special tax to the Reich.

The Transport Minister has for his part considered the question of measures to be adopted for the solution of the problem of competition between railways and automobiles by a fairer distribution of charges between the two means of transport. A scheme in this connection has been announced, but its terms are not yet known.

* * *

Permanent way and works.

Size of the system.

The size of the Reichsbahn system and its development during the period of the application of the Dawes Plan are indicated in the following table, which also gives the position in 1913 in regard to the system within the present frontiers.

On December 31, 1925, the length of normal gauge main lines operated by the Reichsbahn was 30,399 km. comprising:

28 per cent single track lines,

70 » » double track lines,

2 » » triple, quadruple or more track lines.

The secondary lines are almost entirely single track lines (97 per cent).

Length of system

Average length of line operated (in km.)	1913 (present frontiers)	1924 October 1 to December 31	1925	1926	1927	1928	1929
Normal gauge and narrow gauge lines	50,741	51,043.68	53,227.59	53,336.71	53,545.86	53,667.21	53,829.02
Normal gauge lines.	49,881	50,112.17	52,292.47	52,402.23	52,611.19	52,731.06	52,884.05
Narrow gauge lines	860	931.51	935.12	934.48	934.67	936.15	935.97
Main lines (normal gauge)	—	28,982.63	30,399.89	30,474.05	30,503.09	30,352.02	30,368.91
Secondary lines (normal gauge)	—	21,129.54	21,892.58	21,928.18	22,108.10	22,379.04	22,515.14
Lines operated electrically	165	—	947.94	976.85	1,137.79	1,405.60	1,545.01
Shipping lines	—	—	690.85	690.85	690.85	685.85	685.85
of which ferry services represent .	—	—	187.75	187.75	187.75	187.75	187.75

The total length of track of all types, including station tracks, was:

106,120 km. on January 1, 1913 (new frontiers)
119,615 » » » » 1925
120,874 » » » » 1926
121,469 » » » » 1927
121,941 » » » » 1928
122,426 » » » » 1929
122,800 » » » » 1930

Upkeep of permanent way, structures and buildings.

In my previous report I gave the probable expenditure under this heading for the business year 1929. The following table gives the final figures compiled by the Company after the closing of the financial year. It also shows, for purposes of comparison, the corresponding expenditure during the years 1925 to 1928 and the total expenditure during the financial year 1913 for the system within its present frontiers.

The changes made with regard to the charging of certain expenditure since 1928 are indicated by notes at the bottom of the same table. As these changes approximately balance each other, they do not prevent comparison of the annual total expenditure. If the annual totals for the period 1925 to 1929 are compared with the total for 1913 (taking 1913 as equal to 100), the percentages shown in the last line of the table are obtained. These percentages show that the Company, while sharing in the financial difficulties experienced by the majority of the big European systems since the war, has allowed for the arrears of upkeep dating from the war and post-war period within the limits of its resources, for expenditure has increased very much more than wage rates and the prices of materials employed.

Expenditure on the upkeep and renewal of the permanent way, structures and buildings

Nature of expenditure	1929	1928	1927	1926	1925 calendar year	1913 new frontiers
	(in millions of reichsmarks)					
1. Ordinary upkeep						
Wages	165.1	155.9	141.9	138.2	123.6	
Materials for permanent way and constructional work, materials for electrification works	100.5	91.7	93.2	93.0	106.9	
Miscellaneous expenditure	88.4	60.9	89.1	70.9	89.5	
2. Renewal of track and ballast						
Wages	27.8	30.0	38.2	35.9	15.9	
Materials for permanent way	175.0	164.1	197.0	177.6	104.4	
Miscellaneous expenditure	26.6	23.3	21.8	17.1	19.2	
3. Extraordinary upkeep	103.4 [1]	84.6 [1]	82.2 [2]	63.0 [2]	67.8 [2]	
4. a) Extensions	— [3]	— [3]	33.9	21.5	120.9	
b) Development of safety appliances	12.6	4.5	— [4]	— [4]	— [4]	
Together	699.4	614.1	697.3	617.2	648.2	349.0
Percentage as compared with 1913	200 %	176 %	200 %	177 %	186 %	100 %

[1] Including expenditure on the renewal and strengthening of bridges, charged to the plant account until 1927.
1929 = 35.2 millions
1928 = 32.2 „ .

[2] Not including expenditure on the renewal and strengthening of bridges
1927 = 47.6 millions
1926 = 45.3 „
1925 = 29.9 „ .

[3] Expenditure charged to the plant account since 1928
1929 = 25.7 millions
1928 = 26.2 „ .

[4] Expenditure charged to the plant account until 1927.
1927 = 7.5 millions
1926 = 5.2 „

The expenditure shown in the preceding table includes the wages of workmen, but not the salaries of officials and employees, nor the share of the permanent way department in the general administrative expenses. Nor does this expenditure include the cost of the renewal of certain plant undertaken during the execution of new works, which can only be calculated accurately after the closing of the accounts for such works.

On the other hand a certain proportion of the expenditure shown in the preceding table represents the improvement or extension of existing plant and should therefore be charged to the investment account.

The distribution of these various items of expenditure between the operating account and the plant account is shown in the following table. This table also shows separately the expenditure on upkeep and the expenditure on renewals proper, both chargeable to the operating account.

	1929	1928	1927	1926	1925	1913 (new frontiers)
	(in millions of reichsmarks)					
Expenditure incurred in the work of ordinary upkeep and periodical renewals	699.4	614.1	697.3	617.2	648.2	349.0
Salaries of officials (Beamten) and general administrative expenses	59.8	52.7	61.8	49.9	49.1	
Expenditure on renewals carried out in the execution of new works	31.3	45.9	78.8	62.6	40.3	
Total expenditure	790.5	712.7	837.9	729.7	737.6	
Amount charged to:						
Operating account: ordinary upkeep	343.8	285.2	308.5	284.4	343.3	
Operating account: renewals	402.3	392.5	406.0	375.4	353.4	
Investment account	44.4	35.0	123.4	69.9	40.9	
Together	790.5	712.7	837.9	729.7	737.6	—

The following table shows for the years 1925 to 1929 the length and proportion of main tracks renewed with completely new materials including ballast. It also furnishes similar data for the periods anterior to the creation of the Company.

Systematic renewal of main tracks with entirely new materials
(superstructure and ballast).

	Length of main tracks km	Length of track renewed km	Proportion of renewals %
1910 to 1913 (average)	71,198	3,624	5.09
1913 (new frontiers)	71,308	3,565	5.00
1919 to 1923 (average)	75,414	1,749	2.32
1925	76,628	2,877	3.75
1926	76,819	4,043	5.24
1927	77,428	4,136	5.34
1928	77,692	3,195	4.11
1929	77,725	3,340	4.30
1925 to 1929 (average)	77,258	3,518	4.55

The foregoing table shows that during the years 1925 to 1929 renewals of through track have averaged 4.55 per cent per annum, whereas the Company considers 4 per cent to be the normal proportion required with the superstructure at present employed. The arrears of upkeep dating from the war and post-war period, with which the Company was confronted at the time of its creation, have therefore been made up in part. It has not been possible to make up the whole of the arrears, not only owing to the absence of sufficient funds but also for technical and practical reasons. The merging of the various State railways into a single system compelled the Company to work out standard types of superstructure, both for the lay-out on metal sleepers and the lay-out on wooden sleepers. The new types had to allow for the increased weight of trains and to do away as far as possible with the drawbacks revealed by experience in the numerous old types in existence. As standardisation entailed a large consumption of materials involving considerable expenditure, the Company had to proceed cautiously and first to apply reforms on a reduced scale, subsequently introducing changes in the detail of the types manufactured, and then to await the first results of experiments on a larger scale before deciding the general adoption of the types worked out. This explains why renewals in 1925 only aggregated 3.75 per cent.

The improvements introduced by the Company in the permanent way since its creation can be appreciated by comparing the quantities of the chief materials for superstructure used in 1925 to 1929 and in 1913, and by comparing the annual expenditure on the whole of the permanent way materials as shown in the following table.

Materials	Units	1929	1928	1927	1926	1925	1913 (present frontiers)
Rails	tons	361,000	346,221	435,167	420,300	291,800	269,000
Small iron fittings	»	168,000	179,207	189,275	171,800	129,300	120,500
Points	»	60,000	74,302	70,019	69,300	62,400	40,600
Metal sleepers:							
a) ordinary ..	»	205,000	121,230	274,358	259,400	170,200	137,000
b) for switches	»	32,500	43,801	45,276	42,100	36,800	24,700
Wooden sleepers:							
a) ordinary ..	sleepers	5,692,000	6,315,286	6,165,326	6,239,100	6,386,000	3,940,000
b) for switches	meters	1,094,000	585,000	552,413	575,000	611,800	424,000
Ballast.......	cubic-meters	6,285,000	6,475,078	7,489,164	6,486,600	4,300,000	6,100,000
Total expenditure on materials for superstructure	million *RM*	244,619	240,132	268,915	253,347	201,019	119,728

All these figures show an important increase by comparison with 1913, with the exception of the quantity of ballast in 1925, as in that year there was less renewal of track for the reasons already indicated.

Particulars of the renewals undertaken by the Company with good secondhand material, and of the length of track on which all sleepers have been renewed and all ballast has been entirely replaced will be found in my previous reports. Information regarding tracks on which the number of sleepers has been increased, the rail joints strengthened, etc. will also be found.

I shall confine myself to recalling that the track adopted in systematic renewals is now for the most part laid out with rails S 49 (48.89 kg./m.) on the superstructure K system on wooden or metal sleepers. In the former case a very strong ribbed metal tie-plate is used, fixed by 4 bolts which do not grip the rail direct; the rail is held in place by 2 clamps, each of which is held by a fang-bolt, the head of which is gripped in the corresponding rib of the plate. In the second case tie-plates of the same shape but smaller in size and thickness are welded by electric process to the sleepers. In both cases a wooden shim is fitted between the base of the rail and the tie-plates.

The rails are laid with square joints and are supported by twin sleepers. The number of intermediate sleepers is as follows:

17	intermediate	sleepers	per	12	m. rail,
22	»	»	»	15	» »
27	»	»	»	18	» »
45	»	»	»	30	» »

but the last-mentioned rail is only laid on wooden sleepers.

In my previous report I stated that since 1928 the 30 m. rails have been laid on express lines on the superstructure K system on wooden sleepers, and that at the end of 1929 there were 1,665 km. of this type of track in service and 570 km. of track laid previously with 15 meter rails welded in pairs by means of the alumino-thermic process. At the beginning of March the Company had already 2,320 km. of track laid with 30 m. rails in service.

The Company has considerably strengthened the chief elements in the composition of tracks. Consequently the weight of the materials employed and the expenditure on material and the work of upkeep, and renewal have considerably increased. This increase is illustrated by the comparative table previously furnished.

The weight of rails per running meter has been raised from 45.05 kg. to 48.89 kg. The weight of bearing plates has been considerably increased (from 7.36 kg. to 9.54 kg. for plates on wooden sleepers). The resistance of the metal sleepers has also been strengthened by increasing the height of sleepers and the thickness. There has been a consequent increase of weight from 62 to 77 kg. although the new metal sleepers are only 2.50 m. long as compared with 2.70 m. in the case of the old type.

If the present types of superstructure are much more costly to lay out than those employed before the war on the State railways, their introduction marks an important progress, for the new type of track is undeniably stronger and firmer and results in much smoother running than on the old tracks.

The Company has also considerably improved the methods of lay-out and upkeep of the permanent way, after having undertaken numerous methodical experiments, making use largely of well-tried mechanical processes.

Another step forward made by the Company, which deserves notice, is that it has decided and carried out the standardisation of switches. After a thorough-going study of the question and practical experiments of some duration with a limited number of switches, 3,500 switches of the standard type finally adopted were introduced in 1929.

Standardisation was essential on grounds of economy and in order to facilitate upkeep and replacement, in view of the unduly large number of different types in service on the system. In the 15 principal types of cross-sections of rails utilised on the old State railways there are alone 39 distinct types of switches.

With such a variety of types of switches in service, not to speak of the spare parts required for upkeep, the difficulty and excessive cost of upkeep will be readily appreciated, especially since there were in 1927 on the extensive system of the Reichsbahn no fewer than 291.554 switches (in terms of single switches).

For purposes of standardisation, the Company has adopted 8 distinct types of switches, constructed solely of S 49 rails, with four types of crossings, three types of articulated tongue-rails and three types of flexible tongue-rails.

Safety appliances.

In my previous reports I have reviewed the expenditure devoted by the Company to the improvement and extension of its safety appliances and its telegraph and telephone system. To give some idea of the extent of this expenditure I should mention that — not including the cost of labour and material for the current upkeep of such plant or the salaries of officials responsible for supervision of the signalling plant and for the work of installation — the cost of improvement and extension of the safety appliances and the telegraph and telephone system amounted to approximately *RM* 40 millions in 1929.

I would also recall the considerable extension by the Company of the plant for repeating signals on locomotives and of the automatic train stop apparatus, details of which will be found in my previous reports. The following table shows the numbers in respect of interlocking and signalling plant in the period 1923-1929.

Interlocking and signalling plant.

Position at the end of the year	Number of plants in operation	Number of switching levers in operation in		Total number of levers
		the power cabins	the mechanical cabins	
1923	16,142	—	—	255,323
1924	17,373	—	—	309,814
1925	17,721	—	—	315,421
1926	17,773	—	—	317,147
1927	17,869	39,415	283,783	323,198
1928	17,956	41,663	287,091	328,754
1929	17,945	43,361	289,439	332,800

The development of the lock-and-block system is shown in the following table.

Length of lines equipped with, and operated on, the block system.
(Lock-and-block system.)

Position at the end of the year	Single track lines km.	Double track lines km.
1923	2,362	20,263
1924	2,588	20,374
1925	2,796	21,251
1926	2,800	21,336
1927	2,862.62	21,512.65[1]
1928	2,886.92	21,560.01[1]
1929	2,965.6	21,682.38[1]

[1] Of which 20 km. operate on the automatic block system.

If secondary lines are left out of account, the proportion of normal gauge main lines equipped with the block system apparatus is approximately 98 per cent in the case of double track lines and 34 per cent in the case of single track lines.

New works.

The expenditure on new works effected by the Company during its first five business years, including the final results for the business year 1929 which have just been published, is distributed as follows:

Expenditure on new works.

Nature of work	1929	1928	1927	1926	1925
	(in millions of reichsmarks)				
A. Expenditure on general works carried out on the system as a whole	49.3	46.1	64.3	73.0	91.4
B. Expenditure on works executed by the 30 District Managements					
a) construction of new lines and laying of additional tracks on existing lines	28.2	48.3	61.1	57.8	60.8
b) construction and reconstruction of stations and service buildings	57.3	88.5	107.2	107.9	109.1
c) electrification of lines	7.6	39.3	78.0	18.9	17.4
d) construction of repair shops	4.2	4.9	8.7	9.5	19.0
Total B	97.3	181.0	255.0	194.1	206.3
Total A + B	146.6	227.1	319.3	267.1	297.7

The expenditure shown in this table does not represent the whole of the expenditure on plant. In the first place that part of the Company's general expenses which is charged to the plant account must be added. Secondly a number of items, which should finally be charged to the operating account, require to be deducted. Thirdly, there is other expenditure on plant in addition to that already shown, viz. the expenditure on plant connected with the work of upkeep and renewal. This is charged in the first place to the operating account and is only subsequently carried to the plant account.

A recapitulation of this expenditure gives the following table, which shows the total amount of the expenditure on plant. After deducting from this expenditure the receipts properly belonging to the plant account (sales of land sites, special reserves, writings-off out of operating receipts, etc.), the sums carried forward to the balance sheet at the close of each business year under the heading of "concession in respect of increases of plant" are obtained.

Recapitulation of expenditure on plant	1929	1928	1927	1926	1925	1913 present frontiers
	(in millions of reichsmarks)					
Expenditure charged direct to the plant account						
(Total A + B of the preceding table)	146.6	227.1	319.3	267.1	297.7	
add: general expenses	28.3	40.7	40.5	33.4	19.3	
Total	174.9	267.8	359.8	300.5	317.0	
less: expenditure on renewals in connection with new works..................	31.9	45.9	78.8	62.6	40.3	
Total C	143.0	221.9	281.0	237.9	276.7	453.0
Expenditure on plant incurred during upkeep and renewal						
1. material and equipment..	—	—	14.1	13.1	—	
2. permanent way, buildings etc.	82.8	69.4	100.1	69.9	—	
3. rolling stock and workshop plant	32.1	52.9	94.8	87.4	—	
Total D	114.9	122.3	209.0	170.4	21.0	215.0
Total C + D	257.9	344.2	490.0	408.3	297.7	668.0
less: receipts from the sale of land sites, writings-off on operating receipts, etc.	71.5	58.5	141.5	0.7	100.7	
Balance representing *final expenditure on extensions* carried forward to assets side of balance sheet	186.4	285.7	348.6	407.6	197.0	668.0

It will be seen that the expenditure for the period 1925-29 is considerably less than the expenditure in 1913. This is due to several causes. In the first place the Company found itself at its creation with a rolling stock (locomotives and cars) far in excess of traffic requirements. There was therefore no need to place new orders, at any rate during the first few years.

Similarly in the case of new constructional work and extensions there was no immediate need for expenditure, for the system had already been endowed with an immense equipment of tracks and stations in general amply sufficient for traffic, especially in the case of the Prussian-Hessian system which is by far the most important network.

Notwithstanding, under the previous administrations a large programme of works was drawn up and put into execution; but financial difficulties resulted in the cutting down and postponement of the execution of this programme, as already explained by me in my previous reports.

On the one hand the Company had serious difficulty in raising capital on the market by placing its preference shares or by contracting loans. On the other hand the operating account, heavily burdened in respect of pensions and retaining pay for dismissed staff, by large wage-increases and by the rise of the prices of materials, left the Company with a surplus only sufficient to allow of restricted expenditure on capital account.

Nevertheless the operating account contributed to capital expenditure the amounts of 107,5 millions in 1925, 140 millions in 1927, 56 millions in 1928 and 71 millions in 1929.

Before the war the great prosperity of German industry found expression in a rapid extension of lines, stations and other operating resources. The German State Railways, which covered a total length of 46.681 km. in 1900, were extended between 1900 and 1913 on an average by 942 km. per annum.

The economic situation in recent years has not justified, and the Company's resources have not permitted of, the extension of the system on the same scale. Nevertheless the Company has not remained inactive as regards the construction of new lines and new tracks on existing lines and in stations. From October 1, 1924, to December 31, 1929, the length of its lines increased by 781.80 km. or approximately 149 km. per annum, and the total length of all types of tracks increased by 3,185 km. or an average of 637 km. per annum.

The table at the beginning of this chapter (new works) shows the annual expenditure incurred by the Company under the following headings:

a) construction of new lines and additional tracks on existing lines,

b) construction and reconstruction of stations, locomotive sheds, fuel depots, etc.,

c) electrification of lines,

d) construction and reconstruction of repair shops for rolling stock.

I have furnished particulars in this connection in my previous reports, as also with regard to the annual expenditure on structures (upkeep, renewal and completely new works).

The following table gives a list of the most important works together with the expenditure effected since November 11, 1923 (the date of currency stabilisation).

Nature of works	District	Expenditure in million ℛℳ from Nov. 15, 1923 to December 30, 1929
I. *New lines*		
Stettin avoiding line (for goods trains)	Stettin	30,853
Holzheim – Rommerskirchen – Bergheim – Liblar–Sinzig (Ahr valley)	Cologne	22,949
Hamburg avoiding line	Altona	22,102
Niebüll–Westerland (island of Sylt in the North Sea) including the mole	Altona	19,814
Preussen–Munster	Münster i. W.	13,735
Arnsdorf–Liegnitz	Breslau	12,890
Michendorf–Mahlsdorf	Berlin	8,084
Witten–Barmen	Elberfeld	5,237
Wormditt–Schlobitten	Königsberg	4,723
Verden–Rotenberg	Hanover	4,313
II. *Additional tracks on existing lines*		
Osterburken – Jagstfeld – Böblingen – Eutingen – Horb – Rottweil – Hattingen – Immendingen, 2nd track	Stuttgart	16,189
Hamm–Wunstorf, 2nd and 4th tracks ...	Hanover	10,904
Halle–Weissenfels, 3rd and 4th tracks	Halle (Saale)	4,288
Cologne–Duisburg–Essen–Dortmund, 2nd track	Cologne-Elberfeld	3,496
III. *New stations and reconstruction of existing stations and their approach lines*		
Königsberg (East Prussia), central station and approach lines	Königsberg	39,338
Stuttgart, central station	Stuttgart	28,554
Bentschen, frontier station..................	Frankfort (Oder)	19,269
Düsseldorf, central station	Elberfeld	17,189
Münster (Westphalia)..................	Münster	16,970
Zwickau	Dresden	16,225
Duisburg, central station	Essen	16,440
Halle (Saale)	Halle	13,324
Gleiwitz, passenger station and approach lines	Oppeln	9,787
Brunswick	Magdeburg	9,065
Chemnitz	Dresden	8,000
Liegnitz	Breslau	7,385
Beuthen..................	Oppeln	7,270
Mühlheim (Ruhr-Heissen)	Essen	7,144
Magdeburg-Buckau	Magdeburg	6,800
Kaiserslautern	Ludwigshafen	6,486
Heidelberg	Karlsruhe	6,426
Freiburg-im-Breisgau	Karlsruhe	6,289

Nature of works	District	Expenditure in million *ℛℳ* from Nov. 15, 1923 to December 30, 1929
IV. *Electrification of lines*		
Berlin urban and suburban lines (special programme)[1]	**Berlin**	**98,097**
Munich-Ratisbon, including the northern loop Munich-Feldmoching	**Munich**	**18,071**
Munich-Rosenheim-Kufstein	**Munich**	**14,949**
Schönholz-Velten	**Berlin**	**8,024**
Rosenheim-Freilassing	**Munich**	**7,205**
V. *Construction of new workshops and reconstruction of existing workshops*		
Brandenburg West — repair shop for locomotives, passenger and freight cars	**Berlin**	**14,324**
Dessau — repair shop for electric locomotives	**Dresden**	**9,181**
Schweidnitz Nord — repair shop for cars	**Breslau**	**7,665**
Freimann — reconstruction of an old privately owned factory into a repair shop for locomotives, passenger and freight cars	**Munich**	**5,770**

---

[1] The total expenditure on the electrification of the Berlin urban and suburban lines, including the contribution of the Reichsbahn to the construction and equipment of the new line Jungfernheide-Gartenfeld and the cost of rolling stock provided, amounted to roughly 183 millions at the end of 1929. A part of this expenditure has been charged to the operating account as the renewal of old plant.

* * *

Rolling stock and workshops.

As the final accounts for the business year had not yet been compiled at the time of publication of my last report, I was only able to give the probable expenditure on the upkeep and renewal of rolling stock and mechanical plant in 1929. The following table gives the final figures. It also shows the corresponding expenditure for the years 1925 to 1928 and for the financial year 1913 in the case of the system limited to the present frontiers.

The percentages shown in the last line of the table, calculated in comparison with 1913, show that the total annual expenditure has increased more than wage rates and the prices of materials. They bear witness to the fact that the Company has devoted ample sums to the upkeep, renewal and improvement of its rolling stock.

The expenditure on the purchase of new rolling stock for the replacement of retired rolling stock rose from 99.3 millions in 1913 to 202 millions in 1927, 212.4 millions in 1928 and 203.7 millions in 1929, after having totalled 58.3 and 64.1 millions in 1925 and 1926 respectively.

Expenditure for the upkeep and renewal of rolling stock and mechanical plant.

	1929 final results	1928	1927	1926	1925	1913 present frontiers
	(in millions of reichsmarks)					
1. *Ordinary upkeep*						
a) Wages of workmen in the workshops	223.7	241.6	230,5	238.0	252.9	136.7
b) Materials	76.0	97.1	117.3	98.0	151.6	81.0
c) New spare parts	102.5	149.3	235.2	177.1	157.8	—[1]
d) Working up of old spare parts	96.0	—[2]	—[2]	—[2]	—[2]	—[3]
e) Miscellaneous expenditure ...	24.2	27.5	33.1	41.0	91.7	24.0
2. *Extraordinary upkeep*	8.5	7.9	7.0	5.9	6.9	3.2
3. *Extensions*	—[4]	—[4]	7.0	6.4	6.4	
4. *Purchase of new rolling stock and replacement of retired rolling stock*	203.7	212.4	202.0	64.1	58.3	99.3
Total expenditure	734.6	735.8	832.1	630.5	725.6	344.2
Percentages as compared with 1913	213%	214%	242%	183%	211%	100%

[1] Expenditure included under b and e.

[2] Expenditure included under a, b, c and e.

[3] Expenditure included under a, b and e.

[4] The expenditure on extensions is included since 1928 in the new works account.
1929 = 6.2 millions
1928 = 3.8 •

As explained in my previous reports, the Company found itself at its creation endowed with rolling stock far in excess of requirements. It was only natural therefore that orders were strictly limited during the first few years. But it was necessary to standardise the rolling stock park by degrees, since it was composed of widely differing types of vehicles derived from the former independent systems. The Company has taken advantage of the time available to study the question thoroughly and carry out frequent experiments, with a view to the adoption of standard types of rolling stock and corresponding spare parts which will permit of rational construction. Negotiations have also taken place with the car builders with the object of rationalising manufacture and reducing cost prices. These negotiations resulted on January 28, 1927, in the signing of an agreement between the Reichsbahn and the association of carbuilders known as the Deutsche Wagenbau-Vereinigung, regulating the distribution of orders. The agreement takes into account the quotas reserved to the various States in virtue of the provisions of § 23 of the Staatsvertrag of April 30, 1920, (i. e. the convention relating to the amalgamation of the various State railway systems into a single system known as the Reichsbahn).

The expenditure shown in the preceding table includes the wages of workmen but not the salaries of officials and employees. If these salaries are included together with the share of the rolling stock and workshop service in the general administrative expenses, the total expenditure incurred is obtained. This is shown in the following table, which indicates the distribution of expenditure between the operating account and plant account.

	1929 final results	1928	1927	1926	1925
	(in millions of reichsmarks)				
Expenditure on upkeep and renewal (including wages of workmen)	734.6	735.8	832.1	630.5	725.6
Salaries of officials and general administrative expenses	16.8	20.9	24.1	21.5	17.3
Total expenditure....	751.4	756.7	856.2	652.0	742.9
Distribution of total expenditure:					
Operating account: ordinary upkeep	497.1	472.2	542.0	487.2	618.2
Operating account: renewals	254.3	253.4	219.4	77.4	111.9
Plant account: development of the system....	—	31.1	94.8	87.4	12.8
Together....	751.4	756.7	856.2	652.0	742.9

Expenditure on consumable materials and articles of equipment.

	1929	1928	1927	1926	1925	1913 (present frontiers)
	(in millions of reichsmarks)					
Service uniforms.....	6.6	5.6	5.3	4.5	5.1	3.6
Furniture and equipment ...	29.6	27.6	42.7	37.0	38.5	15.4
Stationery, printing, typewriters, office and draughting accessories ...	21.3	20.5	18.5	17.0	16.6	12.4
Coal, lignite, coke and compressed coal..	315.6	292.2	282.7	256.0	284.9	195.9
percentage as compared with 1913..	(165 %)	(149 %)	(144.5 %)	(131 %)	(145 %)	(100 %)
Miscellaneous consumable materials.....	43.4	40.2	42.9	35.4	36.2	44.0
Water, gas and electricity	74.4	65.7	62.3	59.1	58.7	25.8
percentage as compared with 1913..	(289 %)	(254 %)	(241 %)	(229 %)	(228 %)	(100 %)
Total expenditure	490.9	451.8	454.4	409.0	440.0	297.1
percentage of total expenditure as compared with 1913..	165 %	152 %	153 %	138 %	148 %	100 %

The above table shows the expenditure on fuel, water, gas, electricity and miscellaneous consumable materials and articles of equipment, not including expenditure on materials and spare parts utilised in the repair shops, which is shown in the table on page 53.

The same table (i. e.: second table, page 54) shows that the cost of fuel, the cost of consumption of water, gas and electricity, and the total cost have increased considerably since 1913.

The consumption of electricity has grown since 1913, as a result of the extension of electric traction, the extension of electrically operated signal cabins and the electric lighting of signals and switch indicators. On the other hand, with the exception of 1929, the quantity of coal utilised for locomotives is slightly smaller than in 1913, as is shown by the following table. The increased expenditure on fuel is due to the higher price paid per ton. The Reichsbahn has however been able to record better haulage returns, thanks to the better organisation of the train service and the improvements introduced in a large number of locomotives. The consumption of coal per gross ton-kilometer hauled has dropped steadily and is much smaller than in 1913, as is shown by the same table.

Consumption of Fuel.

	1929 (approximate results)	1928	1927	1926	1925	1913 (present frontiers)
Quantity of fuel.........						
a) for locomotives (in million tons) ..	13,702	13,124	12,811	12,059	12,326	13,499
b) for miscellaneous purposes (in million tons) ..	1,830	1,637	1,577	1,470	1,575	1,400
Total quantity (in million tons)........	15,532	14,761	14,388	13,529	13,901	14,899
Average price of fuel (in *ℛℳ* per ton)	20.30	19.80	19.65	18.92	20.25	13.15
Consumption of coal per 1,000,000 gross ton-kilometers (in tons)	53.67	52.78	53.79	55.14	—	64.89

When I wrote my previous report the figures for retirements, deliveries and numbers of the various big categories of rolling stock as at December 31, 1929, could not be fixed definitively, and I was obliged to confine myself to furnishing estimates. Below will be found the corresponding final figures.

In my previous report I stated that at the end of 1929 the Reichsbahn still had about 700 locomotives in excess of its requirements, but that the Company was nevertheless ordering a certain number of express locomotives (of which there are too few at present), heavy and medium locomotives for goods trains, electrically driven locomotives and railcars.

Retirements, deliveries and numbers of rolling stock in 1929.

	Retirements in 1929	Deliveries in 1929	Numbers on December 31, 1929		
			normal gauge	narrow gauge	total
Steam driven locomotives	525	93	23,418	280	23,698
Electrically driven locomotives	14	55	386	2	388
Diesel locomotives	—	1	3	—	3
Railcars current-fed	24	237	1,149	2	1,151
Railcars producing their own power	6	9			
Trailers with or without driver's cabin	21	222	1,071	3	1,074
Passenger cars	894	2,237	62,736	905	63,641
Baggage cars	176	368	20,805	185	20,990
Freight cars and ordinary cars for the permanent way service	7,931	573	641,527	6,003	647,530
Special service cars	418	395	12,215	1,003	13,218
Traverser trucks with two axles for transporting normal gauge cars on narrow gauge lines (pairs)	23½	15	—	289	289

On December 31, 1929 the number of normal gauge steam locomotives was divided as follows:

Express locomotives	791
Locomotives for ordinary passenger trains	3,734
Locomotives for goods trains	9,993
Tank locomotives for passenger trains	2,694
Tank locomotives for goods trains	5,786
Locomotives for local lines	420
Together	23,418

I should add that the Company is at present endeavouring to remedy the inadequacy of the passenger and baggage car park, as will be seen from the last table showing the purchases made during 1929.

Orders for new rolling stock have generally been confined to heavy locomotives and consequently the power and average weight of locomotives is constantly increasing. The weight of a locomotive with its tender, which averaged 43.9 tons in 1900, rose to 56 tons in 1913, 70.5 tons in 1924 and 77.2 tons in 1928.

Although renewals were reduced during the first years of the Company's existence for the reasons already indicated, the rolling stock park is relatively younger than on many foreign systems. The average age of locomotives was 12.5 years at the end of 1927, being slightly higher than in 1913 when it was 12.1 years. The age of freight cars has remained unchanged at 13.7 years, whereas that of passenger cars rose from 12.5 to 18.1 years. The proportion of rolling stock over 25 years of age in 1927 was 7.7 per cent in the case of steam locomotives, 26 per cent in the case of passenger cars and 16 per cent in the case of freight cars.

In my last report I stated that, thanks to the improvements introduced in locomotives, the Company has been able to cut down the consumption of fuel and lubricants in a considerable degree. For 1929 the consumption of coal was 12.76 kg and the consumption of lubricants 20.49 grams per locomotive-kilometer.

These favourable results are due in part (as stated in my previous report) to the fact that the majority of lines are laid in the plain; coal is in general of good quality ; services are well organised ; the professional instruction given to staff and the upkeep of locomotives are of a high standard ; and the hours of locomotives standing by under steam, at rest and in the shunting service are amply calculated in the statistics showing locomotive-kilometers. Above all they are due to the fact that the average age of rolling stock is relatively low, as we have seen, while a large number of

	Locomotives equipped with		
	steam super-heaters	pre-heaters for feed-water	drop-grates
Normal gauge locomotives .			
for passenger trains	4,335	4,275	4,047
for goods trains	9,074	8,934	8,287
tank locomotives	5,127	4,425	6,347
Narrow gauge locomotives	119	21	26
Total	18,655	17,655	18,707
Present percentage of the 23,698 steam locomotives representing the total number on December 31, 1929	78.7 %	74.5 %	79.0 %
Percentage of total number on March 31, 1924	61.0 %	51.3 %	—

locomotives are fitted with improvements, the efficiency of which in the greater economy of fuel has been demonstrated by experience during the last few years.

For the sake of greater exactitude the preceding table shows the proportion of steam locomotives in the present locomotive park equipped with steam superheaters, pre-heaters for feed-water and drop grates. It will be observed that the proportion has increased considerably since 1924.

It is not within the scope of this report to describe in detail the progress made by the Company with its rolling stock. Under this heading readers are referred to my previous reports and I shall here only recall the following improvements:

a) introduction of standard types of locomotives; increased power ;

b) strengthening of the framework of cars in order to reduce the effects of collisions ;

c) improved lighting and heating of cars;

d) replacement of the old shaft buffers on passenger and freight cars by encased buffers ;

e) installation of stronger couplings;

f) introduction of the continuous Kunze-Knorr brake on normal-gauge cars.

The last-mentioned work, which is of great importance, is practically completed. Since the creation of the Company (October 1, 1924), and up to December 31, 1929, a sum of ℛℳ 139 millions has been expended under this heading. Of this total 95 millions were devoted to the transformation of existing cars, while 44 millions represent the expenditure on the equipment of new cars delivered since October 1, 1924. On December 31, 1929, the Reichsbahn had 386,257 normal gauge freight cars equipped with the Kunze-Knorr brake and 235,580 similar cars fitted only with the continuous brake pipe. Of the total freight cars owned on December 31, 1929, to the number of 641,527, there were 621,837 or 97 per cent fitted with the apparatus necessary for the continuous brake system.

In addition to the improvements described above, the Company has supplemented its rolling stock by purchasing a considerable number of large capacity cars and special cars for commercial transports and for its own use.

The reorganisation of the repair shops has made it possible to reduce their number considerably and to arrange for some of them to specialise in the repair of certain categories of locomotives.

The appreciable saving thus realised has been further increased by the introduction of a complete industrial system of accounting in the shops.

In order to economise in the haulage service the Company has revised the running schedule of its locomotives with a view to increasing the distance covered. As far as possible the system of two crews is adopted and in special cases (particularly in the shunting service) an uninterrupted service is arranged for locomotives.

The Company has also continued to study and experiment with new methods calculated to reduce the consumption of coal by locomotives and to secure greater power from engines without exaggerating their weight and size.

In conjunction with these experiments the Reichsbahn now owns four locomotives for goods trains, equipped with boilers of the ordinary type heated by means of pulverised lignite. Two of these locomotives are of the type G 8^2 and the other two of the type G 12, all four being fitted with a bissel forward, and four and five coupled axles respectively. Three of these locomotives (the two of the first mentioned type and one of the second type) are running on the lines of the Halle (Saale) District Management, while the fourth is still undergoing experimental trial trips at Grunewald (Berlin).

The Company is also experimenting with two steam turbine condenser locomotives for express trains. These locomotives, of type S 10^2, have a bogie forward, three coupled axles and a carrying axle in the rear. Forward and backward motion is secured by means of two separate driving turbines, situated in front and connected with the same shaft. By means of cog-wheel transmission this shaft governs a loose axle, which in turn works the driving wheels. The condensers are situated on the tender. In addition these locomotives carry small auxiliary turbines which work the ventilator which ensures the forced draught from the furnace, the ventilator for the air-cooled condenser and the water circulation pump. The boiler of the first locomotive is constructed to develop a pressure of 18 atmospheres, that of the second locomotive for a pressure of 24 atmospheres. The first locomotives is built to develop 1,800 horse-power normally and 2,300 horse-power momentarily; the second develops a normal horse-power of about 2,500. The first locomotive is in service in the Essen District.

In addition the Company has built two locomotives with very high steam pressure of the S 10^2 type for express trains. These two locomotives, which operate without condensers, each have a high pressure and a low pressure boiler. The high pressure boiler of the first locomotive built is constructed for 60 kg./cm.^{2} and the other for 100 kg./cm.^{2}. In order to avoid dangerous incrustations in the high pressure boilers the latter are heated indirectly through water-tubes, that is to say by coil generators connected with a large number of water tubes of small diameter built in round the furnace. In the first of these two locomotives the high pressure steam is sent into the middle high pressure cylinder, while the exhaust steam mingles with the steam from the low pressure boiler and is subsequently admitted into the two outer low pressure cylinders after re-heating of the mixture. In the second locomotive, which has a different arrangement of its boilers, there are two external high pressure cylinders and a central low pressure cylinder. Both locomotives are still undergoing trial. These experiments are of great interest, for the use of very high pressure steam allows of a great improvement in the thermic output of locomotives and consequently reduces the consumption of fuel. The question is absorbing the attention of a large number of railway companies at the present time. Among the researches carried out in this connection I should mention that the London and North Eastern Railway Company is at present experimenting with a four cylinder compound locomotive of the "Baltic" class, with a pressure of 450 lbs per square inch or about 32 kg./cm.^{2}, while the London, Midland and Scottish Railway Company is experimenting with a three cylinder locomotive with a pressure of 63 kg/cm^2. The New York Central and the Canadian Pacific Companies have both constructed a locomotive for experimental purposes with a pressure of about 60 kg./cm.^{2}.

The Reichsbahn has also three Diesel locomotives with hydraulic transmission on the Lentz system. Two of these locomotives of 250 horse power haul light trains in the Karlsruhe District, while the third of 300 horse power is used for shunting services at a Königsberg station. During the last business year the Company also purchased a Diesel locomotive of 1,000 horse power with compressed air transmission. A compressor, worked by the Diesel engine, sends the compressed air into the cylinders of the locomotive, after re-heating of the compressed air by means of the exhaust gas from the Diesel engine. This locomotive, which is not yet in regular use, is undergoing trials for experimental purposes.

During 1929 the Reichsbahn experimented with a tender of a P 8 locomotive for ordinary passenger trains, equipped with an auxiliary turbine fed with the exhaust steam from the cylinders of the locomotive after preliminary re-heating. This arrangement, which the Reichsbahn has denominated "Abdampf-Turbo-Trieb-Tender", is designed to increase the power of the locomotive on steep tracks. It is similar to the "booster" widely used in America for some years past and applied either to the axles of the tender or to the former "carrying" rear wheels of the locomotive.

The Reichsbahn which has for a long time past employed rail cars with accumulators on lines which have not been electrified, is also carrying out experiments with benzol and Diesel rail cars, of which I gave particulars in Report No. 9 of June 28, 1929.

These experiments are designed to reveal the most economical method of running light passenger trains on lines where traffic is small, and to facilitate the running of trains of the same type on the more important lines during the slack hours. Many foreign railway systems are carrying out similar experiments in the utilisation of petrol railcars, Diesel railcars, Diesel-electric railcars or steam railcars.

GASTON LEVERVE,
Commissioner for the German Railways.

Annex I.

Managing Board of the German Railway Company.

Messrs. C. F. von Siemens, Chairman,
C. Stieler, Vice-Chairman,
M. Margot, Vice-Chairman,
A. von Batocki,
C. Bergmann,
G. Bianchini,
D. Fischer,
M. Herrmann,
V. von Hertel,

Messrs. J. Jadot,
O. Jeidels,
P. Klöckner,
Sir Osborne Mance,
Messrs. O. von Miller,
H. Münchmeyer,
H. Schmitz,
P. Silverberg,
W. Welker.

Commissioner
for the German
Railway Company:
M. G. Leverve.

Trustee
for the German
Railway Bonds:
M. C. Gutt.

General Management of the German Railway Company.

Messrs. Dorpmüller, General Manager.
Weirauch, Assistant General Manager.
Vogt, Traffic and Rates Manager.
Kumbier, Manager of the Operating and Permanent Way Department.
von Frank, Manager of the Bavarian Administrative Group.
Anger, Manager of the Engine Department (workshops and rolling stock).
Jahn, Manager of the Accounting and Legal Departments.
Wolf, Manager of the Administrative Departments.
Hammer, Manager of the Supplies Department.

Annex II.

Service of Reparation Bonds.

Date	Gold Marks [1]	Reichsmarks [2]	Business year of the Company
First reparation year:			Business year 1925
Total	200,000,000	199,892,419.82	
Second reparation year:			Business year 1926
Total	595,000,000	586,512,850.67	
Third reparation year:			Business year 1927
Total	550,000,000	543,718,344.22	
Fourth reparation year:			Business year 1928
Total	660,000,000	652,195,015.22	
Fifth reparation year:			
October 1, 1928	55,000,000	53,440,523.71	
November 1, 1928	55,000,000	53,734,011.41	
December 1, 1928	55,000,000	53,992,482.12	
January 2, 1929	55,000,000	54,350,281.72	
February 1, 1929	55,000,000	54,691,618.71	Business year 1929
March 1, 1929	55,000,000	55,017,270.00	
April 2, 1929	55,000,000	53,730,642.54	
May 1, 1929	55,000,000	54,019,421.69	
June 1, 1929	55,000,000	53,935,172.86	
July 1, 1929	55,000,000	54,214.477.93	
August 1, 1929	55,000,000	54,524.205.62	
September 2, 1929	55,000.000	54,802,055.00	
Total	660,000,000	650,452,163.31	
Sixth reparation year:			
October 1, 1929	55,000,000	53,155,420.64	
November 1, 1929	55,000,000	53,534,496.33	
December 2, 1929	55,000,000	53,927,732.56	
January 2, 1930	55,000,000	54,292,669.72	
February 1, 1930	55,000,000	54,535,459.77	Business year 1930
March 1, 1930	55,000,000	54,814,155.00	
April 1, 1930	55.000,000	53,590,731.70	
May 1, 1930	55,000,000	53.899,224,98	

---

[1] Amounts due from the Company, without deduction for the discount on advance payments in respect of the semi-annual instalments provided for in § 8 of the Statutes of the Railway Company.

[2] Amounts paid by the Company, taking into account the conversion from gold marks into reichsmarks and the discount allowed to the Company for advance payments. The discount has been calculated at the rate of 6 per cent for the first three reparation years, and at the rate of 5 per cent for the fourth year and 6 per cent for the fifth year. For the sixth year it is calculated according to the Reichsbank discount rate on the 20th of the month preceding the due date of payment.

Annex III.

Payment of the Transport Tax.

First reparation year

The Company paid the whole of the proceeds of the tax to the Reich.

Second reparation year

Payments of the Company on reparation account:

13 monthly payments spread over the period September 21, 1925, to September 15, 1926
total value in gold marks.... 250,000,000.00

Payment by the Company to the Reich of the balance of the tax, the total proceeds of which amounted to 271,486,419.23 reichsmarks.

Third reparation year

Payments of the Reich on reparation account:

12 monthly payments of 22,500,000.00 gold marks spread over the period September 25, 1926, to August 25, 1927
a thirteenth payment of 20,000,000.00 gold marks on September 15, 1927,
total value in gold marks.... 290,000,000.00

Payment each month by the Company to the Reich of the actual proceeds of the tax, totalling (in reichsmarks).......... 300,376,976.68

Fourth reparation year

Payments of the Reich on reparation account:

11 monthly payments of 24,166,000 gold marks spread over the period October 15, 1927, to August 15, 1928
a twelfth payment of 24,174,000 gold marks on September 21, 1928,
total value in gold marks.... 290,000,000.00

Payment each month by the Company to the Reich of the actual proceeds of the tax, totalling (in reichsmarks).......... 315,280,181.84

Fifth reparation year

Payments of the Company to the Reich		Payments of the Reich on reparation account		
Date	Amount in reichsmarks	Date	Amount in reichsmarks	Value in gold marks
October 22, 1928.	28,661,464.85	Oct. 15, 1928..	24,121,088.33	24,166,666.66
November 22, 1928	27,724,417.45	Nov. 15, 1928.	24,083,219.16	24,166,666.66
December 21, 1928	24,201,049.22	Dec. 15, 1928..	24,078,506.66	24,166,666.66
January 21, 1929	25,098,279.20	Jan. 15, 1929..	24,142,379.16	24,166,666.66
February 21, 1929	23,069,062.38	Feb. 15, 1929..	24,202,699.16	24,166,666.66
March 21, 1929 ..	19,768,526.08	March 15, 1929	24,174,254.99	24,166,666.66
April 22, 1929 ...	25,762,175.72	April 15, 1929.	24,215,724.99	24,166,666.66
May 21, 1929....	26,230,010.12	May 15, 1929..	24,212,172.49	24,166,666.66
June 21, 1929....	29,181,033.08	June 15, 1929..	24,073,769.99	24,166,666.66
July 21, 1929	29,322,543.58	July 15, 1929..	24,087,955.83	24,166,666.66
August 21, 1929.	33,160,548.15	Aug. 15, 1929 .	24,097,429.16	24,166,666.66
September 21, 1929	32,380,601.30	Sept. 21, 1929.	24,083,219.24	24,166,666.66
October 21, 1929 .	251,645.34			
November 21, 1929	321,133.84			
December 21, 1929	616,689.53			
January 21, 1930.	541,890.71			
Total at that date	326,291,070.55	Total	289,572,419.16	290,000,000.00

Sixth reparation year

Payments of the Company to the Reich		Payments of the Reich on reparation account		
Date	Amount in reichsmarks	Date	Amount in reichsmarks	Value in gold marks
October 21, 1929..	28,760,686.51	Oct. 15, 1929 ..	24,130,537.49	24,166,666.66
November 21, 1929	27,911,435.23	Nov. 15, 1929..	24,121,064.16	24,166,666.66
December 21, 1929	24,511,233.32	Dec. 16, 1929 ..	24,103,349.99	24,166,666.66
January 21, 1930..	23,305,183.93	Jan. 15, 1930..	24,121,088.33	24,166,666.66
February 21, 1930.	22,225,120.22	Feb. 15, 1930..	24,091,508.33	24,166,666.66
March 21, 1930...	20,338,132.59	March 15, 1930	24,100,981.66	24,166,666.66
April 22, 1930 ...	24.163.742.88			

Annex IV.

Operating Account of the German Railway Company for the Business Year 1929.

	Reichsmarks
Receipts	
Passenger traffic	1,423,236,256.07
Goods traffic	3,485,405,425.40
Various receipts	445,192,576.61
Total	5,353,834,258.08
Payments	
I. Payments for Operation and Maintenance	
a. Payments to staff	
Salaries of officials	1,191,133,823.92
Wages of employees and workmen of Traffic Department	510,836,250.43
Pensions and retaining pay, pensions of other persons having claims on the Company	477,902,176.79
Other payments on account of staff	313,238,143.64
Total	2,493,110,394.78
Less: General expenses for renewal and extension of plant	74.778,396.13
Balance a: Payments to staff	2,418,331,998.65
b. Payments for material	
Consumption of coal and other working materials, maintenance of furniture and equipment	488,802,400.54
Maintenance of permanent way and structures	343,846,967.93
Maintenance of rolling stock	497,106,275.51
Other payments for material	116,256,874.49
Total	1,446,012,518.47
Less: General expenses for renewal and extension of plant	30,543.288.56
Balance b: Payments for material	1,415,469,229.91
Total payments for operating and maintenance (a + b)	3,833,801,228.56
II. Payments for Renewals	
Renewal of furniture and equipment	2,516,395.03
Renewal of permanent way, structures and buildings	402,317,169.95
Renewal of rolling stock	254,861,711.02
Total payments for renewals	659,695,276.00
Grand total of operating payments (I and II)	4,493,496,504.56
Surplus	860,337,753.52

Annex V.

Profit and loss account of the German Railway Company for the business year 1929.

Debit		Reichsmarks	Credit	Reichsmarks
To			By	
Service of reparation bonds:			Brought forward from 1928	173,338,861.42
interest		539,737,427.97	1928 operating account surplus	860,337,753.52
sinking fund		118,963,582.03		
Service of new debts and loans		3,521,268.72		
Legal reserve		91,840,343.58		
Reserve for writing off concession		25,000,000.00		
Net profits		254,613,992.64		
To be distributed as follows:				
Preference dividend:				
Instalment paid on bonds of Series IV and V	12,250,000.00			
Still to be paid (Series I, II and III, and balance for Series IV and V)	63,420,000.00			
	75,670,000.00			
Carried forward to next year	178,943,992.64			
	254,613,992.64			
Total		1,033,676,614.94	Total	1,033,676,614.94

Assets		Reichsmarks
Concession in respect of the original property taken over	24,500,000,000.00	
Less legal writing off	268,861,498.70	24,231,138,501.30
Concession in respect of increases of plant		1,467,219,604.91
Working supplies		315,108,295.28
Cash in hand		88,982,087.96
Credit balances with banks		576,999,686.09
Securities		171,783,527.54
Bills		—
Claims: on traffic receipts account	21,553,800.02	
Claims: on insurance and welfare organisations	94,408.70	
Claims: other claims	81,674,552.50	103,322,761.22
Suspense accounts		46,276,867.26
Caution moneys	39,108,396.02	
Holdings in other undertakings		18,000,000.00
Total		27,018,831,331.56

Liabilities		Reichsmarks
Ordinary shares		13,000,000,000.00
Preference shares:		
a) surrendered to the Reich free of charge		500,000,000.00
b) the proceeds of which were received by the German Railway Company	1,500,000,000.00	
Less those not yet issued	919,000,000.00	581,000,000.00
Reparation bonds	11,000,000,000.00	
Less legal amortisation	268,861,498.70	10,731,138,501.30
Legal reserve		500,000,000,00
Working reserve		756,085,548.72
Reserve for writing off concession		390,000,000.00
Sundry debts: Caution moneys and suspense accounts	4,882,681.54	
Sundry debts: Credits of the Reich:		
for combating unemployment	80,000,000.00	
for continuance of lines already begun	52,351,779.93	
Sundry debts: Insurance and welfare organisations	2,215,742.55	
Sundry debts: Other debts	166,543,084.88	305,993,288.90
Caution moneys	39,108,396.02	
Net profit		254,613,992.64
to be distributed as follows:		
Preference dividends:		
Advance payment on Series IV and V	12,250,000.00	
As yet undistributed (Series I, II, III and balance of Series IV and V)	63,420,000.00	
	75,670,000.00	
Carried forward	178,943,992.64	
	254,613,992.64	
Total		27,018,831,331.56

Gold mark amounts are entered at the rate of one gold mark = one reichsmark.

Berlin, April 26, 1930

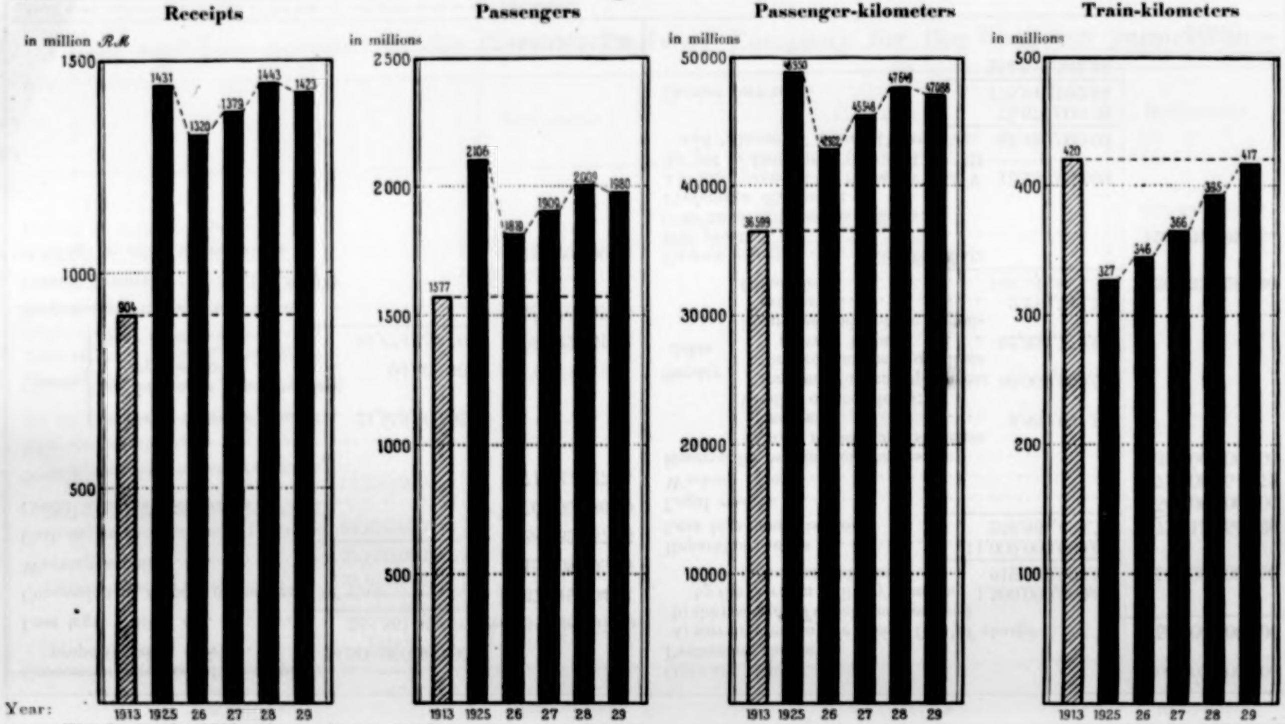
The German Railway Company

Chairman of the Managing Board
(signed) *C. F. von Siemens*

General Manager
(signed) *Dorpmüller*

Annex VII.

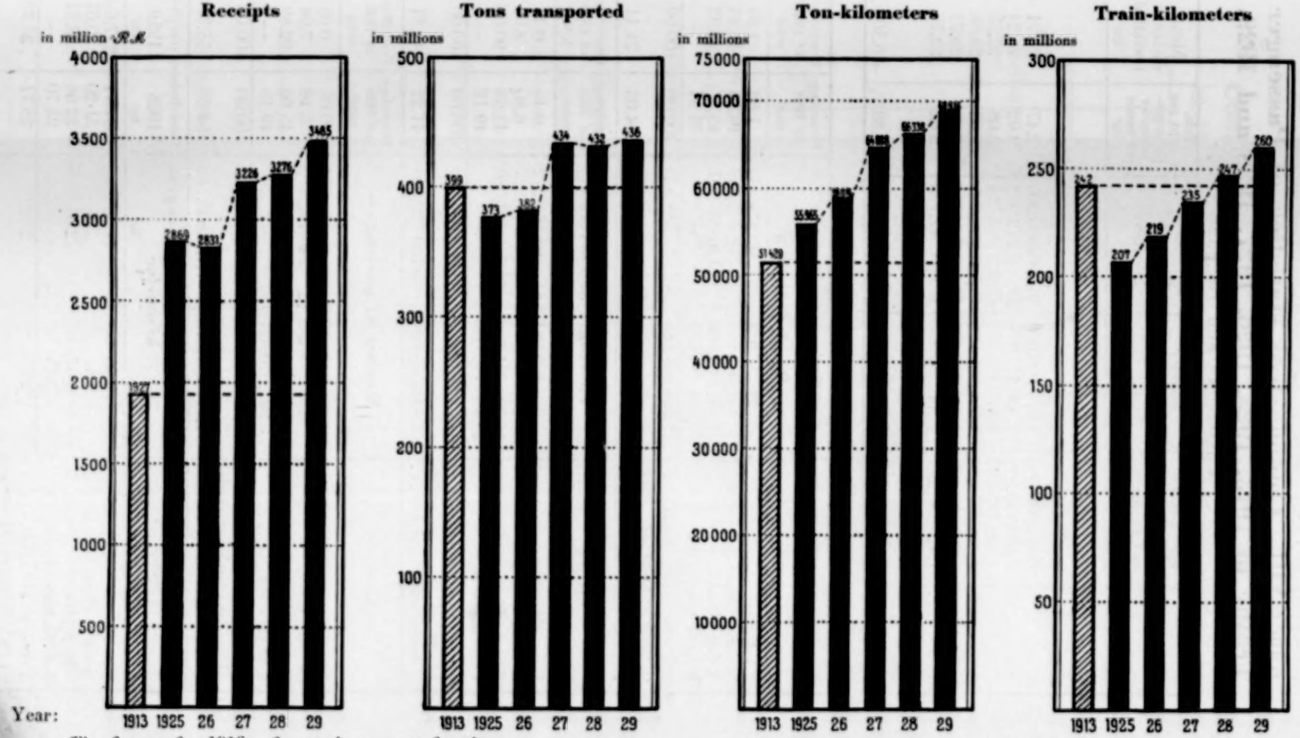
Passenger Traffic



The figures for 1913 refer to the present frontiers.

Annex VII.

Goods Traffic



Receipts

Tons transported

Ton-kilometers

Train-kilometers

The figures for 1913 refer to the present frontiers.

Annex VIII. Comparative statistics of Passenger Traffic in 1913, 1925, 1926, 1927, 1928 and 1929.

Passengers and Baggage.

Year	Receipts for passengers and baggage ℛℳ	Number of passengers	Passenger-kilometers	Mean receipt per passenger-kilometer (with baggage) ℛ𝓅𝒻	Mean distance travelled km
1913 (without the ceded territories)	904,000,000	1,577,000,000	36,599,000,000	2.47	23.21
1925......	1,430,742,938	2,106,277,975	48,950,272,942	2.92	23.24
1926......	1,320,175,242	1,819,411,756	42,922,387,124	3.08	23.59
1927......	1,379,571,979	1,909,235,890	45,547,898,048	3.03	23.86
1928......	1,443,338,037	2,009,445,671	47,649,042,700	3.03	23.71
1929......	1,423,236,256	1,980,280,855	47,088,347,173	3.02	23.78
1929 as compared with 1928......	— 1.39 %	— 1.45 %	— 1.18 %	— 0.33 %	+ 0.30 %

Passengers (without baggage).

Classes	1928	1929	Percentage of 1928 total	Percentage of 1929 total
	Receipts in ℛℳ			
First class	22,747,936	22,479,436	1.63	1.63
Second class	182,082,991	212,452,103	13.06	15.45
Third class	638,034,000	1,140,306,981	45.77	82.92
Fourth class	551,151,761	—	39.54	—
Total	1,394,016,688	1,375,238,520	100.00	100.00
of which fares at cheap rates accounted for ...	335,227,337	331,635,741	24.05	24.11
Classes	**Passenger-kilometers**		Percentage of 1928 total	Percentage of 1929 total
First class	213,489,981	194,161,272	0.45	0.41
Second class	3,238,050,987	4.207,477,821	6.80	8.94
Third class	20,790,761,702	42,686,708,080	43.63	90.65
Fourth class	23,406,740,030	—	49.12	—
Total	47,649,042,700	47,088,347,173	100.00	100.00
of which fares at cheap rates accounted for ...	19,641,505,034	20,160,722,909	41.22	42.81
Classes	**Number of passengers**		Percentage of 1928 total	Percentage of 1929 total
First class	643,612	611,172	0.03	0.03
Second class	103,775,004	140,190,370	5.16	7.08
Third class	917,416,728	1,839,479,313	45.66	92.89
Fourth class	987,610,327	—	49.15	—
Total	2,009,445,671	1,980,280,855	100.00	100.00
of which fares at cheap rates accounted for ...	1,097,857,810	1,104,869,740	54.63	55.79
Classes	**Mean receipt per passenger-kilometer** ℛ𝓅𝒻	ℛ𝓅𝒻	**Mean distance travelled** 1928 km	1929 km
First class	10.66	11.58	331.71	317.69
Second class	5.62	5.05	31.20	30.01
Third class	3.07	2.67	22.66	23.21
Fourth class	2.35	—	23.70	—
Fares of all kinds	2.93	2.92	23.71	23.78
of which fares at cheap rates accounted for ...	1.71	1.64	17.89	18.25

Annex IX

Comparative Statistics of Goods Traffic in 1913, 1925, 1926, 1927, 1928 and 1929.

Year	Total receipts from goods carried in ℛℳ	Tons transported	Ton-kilometers	Mean distance travelled per ton in km.	Receipts per ton-kilometer in pf.
1913 (not including ceded territory)	1,927,000,000	399,000,000	51,429,000,000	129.00	3.59
1925	2,868,713,446	373,008,913	55,965,403,531	150.04	4.92
1926	2,830,619,404	381,868,296	59,016,334,065	154.55	4.59
1927	3,226,400,653	434,063,454	64,887,715,154	149.49	4.76
1928	3,276,357,470	432,259,226	66,337,574,734	153.47	4.74
1929	3,485,405,425	436,010,063	68,936,075,071	158.11	4.87
1929 (as compared with 1928)	+ 6.4 %	+ 0.9 %	+ 3.9 %	+ 3.0 %	+ 2.7 %

The above figures cover commercial transports only.

Accessory costs are included in the total receipts, but not in the receipts per ton-kilometer.

Distribution of tonnage transported in 1928 and 1929 according to its provenance and destination.

	1928 tons	1929 tons	Changes in 1929 as compared with 1928
I. Commercial tonnage:			
Inside Germany	353,298,142	353,480,851	+ 0.1 %
Coming from or going to other German companies	32,865,171	33,372,756	+ 1.5 %
Coming from abroad	21,034,862	19,344,545	— 8.0 %
Going abroad	24,392,593	29,098,553	+ 19.3 %
In transit	668,458	713,358	+ 6.7 %
Total	432,259,226	436,010,063	+ 0.9 %
II. Tonnage for the Company's use:			
With payment of the costs of transport	5,443,082	2,338,173	— 57.0 %
Without payment of the costs of transport	43,263,841	47,572,527	+ 10.0 %
Total	48,706,923	49,910,700	+ 2.5 %
Grand total	480,966,149	485,920,763	+ 1.0 %

Law Concerning the Deutsche Reichsbahn-Gesellschaft

(Reichsbahngesetz)

Text of the Law of August 30, 1924.

§ 1.

Incorporation of the Company.

(1) A Company under the name of the "Deutsche Reichsbahn-Gesellschaft" is incorporated by the present Law to operate the Railways of the Reich.

(2) The Concession to the Company (Gesellschaftssatzung) annexed hereto forms part of the Law.

§ 2.

Conduct of the undertaking.

The Company, shall operate the railways in accordance with business principles, due regard being paid to German economic interests.

§ 3.

Capital.

(1) The original share capital of the Company shall be fifteen (15) milliard marks gold, divided into two (2) milliards of preference shares and thirteen (13) milliards of ordinary shares.

(2) The preference shares shall be issued to bearer and shall be transferable by delivery. The ordinary shares shall be registered in the books of the Company in the name of the Reich, or, if the Government of the Reich so requests, in the name of a German State. No transfer of these ordinary shares shall be made except with the consent of the Reichsrat and the Reichstag, given by a two-thirds majority according to the provisions of Article 76, Section I, sentences 2 and 3, of the Reichsverfassung.

Law Concerning the Deutsche Reichsbahn-Gesellschaft

(Reichsbahngesetz)

Amendments introduced by the Law of March 13, 1930.

§ 1.

Incorporation of the Company.

(1) A Company is incorporated by the present Law to operate the Railways of the Reich.

(2) The Company shall operate the Railways of the Reich on behalf of the Reich in conformity with the provisions of the present Law and the Statutes annexed thereto (Annex I).

§ 2.

Conduct of the undertaking.

No change.

§ 3.

Capital.

(1) The original share capital of the Company shall be fifteen (15) milliard reichsmarks, divided into two (2) milliard reichsmarks of preference shares (tranche A) and thirteen (13) milliard reichsmarks of ordinary shares subject to the special provisions laid down in § 26 of the Statutes as regards the preference shares.

(2) For the purpose of obtaining the funds required for the improvement, perfecting and extension of the plant and rolling stock of the Railways of the Reich and for other extraordinary expenditure the Company is entitled to increase its capital by the issue of further preference shares (tranche B), the total nominal amount of such shares not to exceed the sum of two milliard reichsmarks for each period of ten years dating from the first issue of such preference shares. The increase of the capital is conditional upon the assent of the Government of the Reich.

(3) [Formerly (2)] no change.

§ 4.

Reparation Bonds. Reparation Mortgage.

(1) The Company shall immediately upon its incorporation issue Mortgage Bonds to a nominal amount of eleven (11) milliard marks gold (Reparation Bonds). The holders of these Bonds shall be represented by a Trustee appointed by the Reparation Commission, and the Bonds shall be forthwith handed over to him.

(2) By force of the present Law, for the benefit of the holders of these Bonds, there shall be created a first general mortgage (Reparation Mortgage) on all lands belonging to the Reichsbahn undertaking and on all lands being the property of the Company. The said mortgage shall rank before all existing mortgages and charges and shall cover everything attached to these lands and belonging either to the Reich or to the Company, and for this purpose all rolling stock of the Reichsbahn undertaking and all movable property of the Company shall be held to be attached to the said lands.

(3) Further by force of the present Law this mortgage shall likewise comprise all lands and everything attached thereto subsequently acquired.

(4) The lands and things attached thereto as defined above shall continue subject to the mortgage so long as they remain the property of the Reich or of the Company.

§ 4.

Reparation Tax.

(1) The Company shall pay, as a contribution of the Deutsche Reichsbahn to the reparation annuities payable by the Reich, a tax of the Reich to an amount of 660 million reichsmarks per annum (reparation tax). The reparation tax shall fall due, in equal monthly instalments of 55 million reichsmarks, upon expiration of each month on the first day of each subsequent month, and where the first day is a Sunday or holiday upon the first working day following; the tax shall be paid direct into the account of the Bank for International Settlements at the Reichsbank; the first payment shall fall due on October 1, 1929 and the last payment on April 1, 1966, subject to the provision of § 5 of the present Law. The payments shall be made before 9 a. m. on the days fixed for the same.

(2) The reparation tax shall be paid out of the operating receipts of the Company with recourse, if necessary, to all reserves. It shall rank after the expenditure on personnel, and on the same footing with expenditure on material and consumable stores; it shall enjoy priority over any other tax now levied on the Railway Company, or which may be so levied in the future, and shall rank prior to any other charge, by way of mortgage or otherwise, on the Company.

(3) The Company shall deposit with the Bank for International Settlements a certificate acknowledging its liabilities under paragraphs (1) and (2) above. The Reparation Bonds created in virtue of § 4 of the Law of August 30, 1924 and handed over to the Trustee shall be cancelled and destroyed in the presence of a representative of the Company.

(4) The payment of the reparation tax by the Company shall be guaranteed by the Government of the Reich. As soon as the Bank for International Settlements notifies the Government that a payment due has not been effected either in whole or in part, the Government shall authorise the Company to devote to the payment of the arrears of reparation tax the proceeds of the transport tax collected for the account of the Reich, in so far as such a tax exists. If these resources prove insufficient the Reich shall meet the deficit within one month of receiving notice from the Bank, either by placing the sums required for the payment at the disposal

(5) The rights conferred by this mortgage over the lands and things attached thereto, and likewise the provisions as to interest and repayment of the Reparation Bonds, shall be governed wholly by the provisions of this law and of the Company's Concession (Gesellschaftssatzung) annexed hereto.

(6) No payment in respect of the said Reparation Bonds, whether on account of interest or redemption, shall be subject to any German taxation imposed directly on such payments.

§ 5.

The concession to the Company. Transfer of rights and obligations.

(1) The Reich shall concede to the Company the exclusive right to operate the railways of the Reich under the conditions set forth in this Law and the Company's concession (Gesellschaftssatzung). The concession shall terminate on December 31, 1964, provided that at the said date the whole of the Reparation Bonds and all the preference shares shall have then been discharged, repurchased or repaid.

(2) The concession shall terminate at an earlier date, provided that at such date the whole of the Reparation Bonds and all the preference shares

of the Company or by making a direct payment into the account of the Bank for International Settlements at the Reichsbank. Apart from the above provision the transport tax shall be exempt from all special charges in respect of reparations.

(5) The sums paid by the Government to cover a deficit in the reparation tax and the proceeds of the transport tax devoted by Company to the same purpose in virtue of paragraph (4) above shall be repaid to the Reich in conformity with the provisions of § 25 paragraph (3) sub-paragraph 3 of the Company's Statutes.

(6) The Company is entitled, with the assent of the Bank for International Settlements and subject to the terms agreed on with the Bank, to discharge the reparation tax in whole or in part by a capital payment. The Government of the Reich may require the Company to exercise this right of discharge provided that the Reich places the necessary funds at the Company's disposal. Any capital payment shall extinguish the liability of the Company under paragraphs (1) and (2) in a corresponding degree. The right of the Government of the Reich provided for in the Experts' Report of June 1, 1929, relating to the redemption of reparation annuities remains unaffected.

§ 5.

Concession. Transfer of rights and obligations.

(1) The Reich shall concede to the Company the exclusive right to operate the railways of the Reich under the conditions set forth in this Law and in the Company's Statutes. The concession shall terminate on December 31, 1964, provided that at the said date all the reparation tax payments payable up to that date, including the payment falling due on January 2, 1965, have been discharged and all the preference shares have been redeemed. The liability of the Company to the payment of the reparation tax in 1965 and up to March 31, 1966, shall then, be transferred, subject to the continued application of the provisions of § 4, to the undertaking entrusted with the operation of the railways of the Reich in accordance with Article 92 of the Constitution.

(2) In the event of the Company's liability to pay the reparation tax direct into the account of the Bank for International Settlements at the

shall have been discharged, repurchased or repaid. On the other hand, if at December 31, 1964, the whole of the said bonds and shares shall not have been discharged, or repurchased or repaid, the concession shall be prolonged under the same conditions until such discharge, repurchase or repayment shall have been completed.

(3) The concession shall comprise the railways of the Reich, together with all their accessories, including the German Steamship Service on the Lake of Constance and other subsidiary undertakings, as they may exist at the date of the transfer of the Concession to the Company.

(4) Simultaneously there shall pass to the Company, in so far as is not contrary to the present Law and the Company's concession (Gesellschaftssatzung) and especially subject to the provisions of Section 43, all the rights and obligations attached to the railways of the Reich and to the "Deutsche Reichsbahn" undertaking, including those arising out of operating contracts. The transfer of the rights and obligations of the "Deutsche Reichsbahn" undertaking shall in all cases have legal effect to bind any other party that may have contracted with the said undertaking.

(5) The rights and obligations arising from the participation of the "Deutsche Reichsbahn" undertaking in other undertakings shall also be transferred to the Company as they exist at the commencement of the concession.

(6) At the same date all stock in hand and consumable stores of every kind, cash in hand and bank balances of the "Deutsche Reichsbahn" undertaking shall pass without payment to the Company. The said stock and stores shall at such date be adequate to ensure the continuance of the normal operation of the railways.

(7) All books, accounts, deeds, plans and other documents in the possession of the "Deutsche Reichsbahn" undertaking, shall be transferred to the Company. On the other hand, on the termination of the concession all such documents shall be transferred to the Reich.

Reichsbank terminating before December 31, 1964, the concession shall be shortened accordingly and will terminate forthwith, provided that the preference shares have all been redeemed by that date. On the other hand, if at December 31, 1964, the whole of the reparation tax payments due up to that date have not been made, or if the whole of the preference shares have not been redeemed, the concession shall be prolonged under the same conditions until such time as the payment of the tax and the redemption of the preference shares have been completed.

(3) to (7) no change.

§ 6.

Railway Property of the Reich.

(1) The Railways of the Reich, including the participations either of the Reich Railway Administration or of the "Deutsche Reichsbahn" undertaking in other undertakings, shall remain the property of the Reich (Reichseisenbahnvermögen). Lands and everything attached thereto, including rolling stock, acquired by the Company for the service of the railways of the Reich, shall become by the fact of their acquisition by the Company and by force of this Law the property of the Reich.

(2) The Company shall be entitled to dispose of property belonging to the railways of the Reich in so far as in the opinion of the Company such disposal is not inconsistent with reasonable operating needs. Nevertheless, before disposing of any property the value of which exceeds 250,000 marks gold the Company shall be required, subject to the provisions of Section 8, to obtain the consent of the Government and also, so long as any Reparation Bonds are outstanding, the consent of the Trustee. The proceeds of any such sale paid to the Company, shall be applied by it in every case in accordance with regulations agreed upon between the Company and the Trustee.

§ 7.

Limited liability of Railway property for debts of the Reich.

The Reich railway property shall only be responsible for such obligations of the Reich as arise out of the previous administration of the railways of the Reich. Such obligations shall include those arising out of the "Agreement for the Transfer of the Railways of the States to the Reich" [Staatsvertrag über den Übergang der Staatseisenbahnen auf das Reich (Reichsgesetzbl. 1920, p. 774)], which under the provisions of Section 43 of this Law are transferred to and imposed on the Company.

§ 8.

Loans and credits.

(1) The Company shall have the right to raise loans on its own account, provided that their currency does not extend beyond January 1, 1965, and for the purpose of such loans to mortgage the lands of the railways of the Reich. Any such

§ 6.

Railway Property of the Reich.

(1) No change.

(2) The Company shall be entitled to dispose of property belonging to the railways of the Reich where, in the opinion of the Company, such disposal is not inconsistent with reasonable operating needs. Nevertheless, before disposing of any property the value of which exceeds 250,000 reichsmarks the Company shall be required, subject to the provisions of § 8, to obtain the consent of the Government. Where no other method of utilisation has been agreed upon with the Government of the Reich the proceeds of sales shall be utilised for the improvement, completion or extension of plant and rolling stock.

§ 7.

Limited liability of Railway property for debts of the Reich.

No change.

§ 8.

Loans and credits.

(1) The Company shall have the right to raise loans on its own account, provided that their currency does not extend beyond January 1, 1965, and for the purpose of such loans to mortgage the property of the railways of the Reich.

charges shall rank after the Reparation Bonds referred to in Section 4 and shall be subject to the provisions of Clause 9 of the Concession.

(2) Loans, the currency of which extends beyond January 1, 1965, can only be raised by the Company with the prior consent of the Government.

(3) In both the above-mentioned cases, the Reich shall assume responsibility for loans which continue current after the termination of the concession.

(4) Before the public issue of any loan the Company shall agree with the Government as to the conditions of the issue.

§ 9.

Operation.

(1) The Company shall assume responsibility for the safe operation of the railways of the Reich and for such adequate maintenance and development at its own expense of the undertaking, with all its accessories, as will meet the requirements of traffic and the progress in railway technique.

(2) Subject to these principles and other legal prescriptions and within the limits of the control reserved to the Reich (see Section 31 and following) the Company shall be entitled to operate the railways as it may think fit.

§ 10.

Monopoly.

(1) The Company shall have the exclusive right to operate all railways, whether of general interest (Allgemeinverkehr) or otherwise, which at the date of the coming into force of this Law are operated by the "Deutsche Reichsbahn" undertaking, as also all railways of general interest which subsequently may become the property of the Reich.

(2) The Company shall also have the exclusive right to build at its own expense and to operate any new railways of general interest for which a concession may be granted in the future. It may

(2) to (4) no change.

(5) For the purpose of guaranteeing loans (paragraphs 1 and 2) by mortgages the Company shall be entitled to grant a collective mortgage (Reichsbahnhypothek) on all land sites forming part of the property of the railways, together with all accessories including rolling stock.

§ 9.

Operation.

(1) The Company shall assume responsibility for the safe operation of the railways of the Reich and for such adequate maintenance, renewal and development at its own expense of the undertaking, with all its accessories, as will meet the requirements of traffic and the progress in railway technique.

(2) Subject to these principles and other legal prescriptions and within the limits of the control reserved to the Reich (see § 31 and following) the Company shall be entitled to operate the railways on its own responsibility.

§ 10.

Monopoly.

No change.

make, at its own cost, all necessary alterations in and additions to the railways which it operates.

(3) The Government may at any time require the Company to construct new lines of general interest even though the Company may consider that the construction and operation of such new lines will not be profitable or that they will compete unduly with the other lines of the Company. In any such case the construction and operation by the Company, if it so requires, shall be on account of the Reich, and the Company may further claim from the Reich compensation for the reduction caused by the operation of the new lines in the profits of the remainder of the system. If, on the other hand, the new lines increase the profits on the rest of the system, the Reich shall be entitled to set off any profits so derived against the cost of the operation of the new lines.

(4) If the Company is not in any way affected by the construction or operation of a new line of general interest the concession may be given to a third party.

(5) The construction of a new line of general interest as an extension of an existing private railway and the conversion of railways not of general interest into railways of general interest shall only be authorised if this does not entail undue competition with the Company's lines. The Reich shall give the Company due notice of any such schemes for construction or conversion.

§ 11.

Classification of railways.

The Government of the German State concerned and the Company shall be entitled to be heard on the question as to whether a railway is to be considered as of general interest. The decision rests with the Minister of the Reich responsible for the control of the railways.

§ 12.

Transfer of rights under the concession.

No transfer to a third party of its rights under the concession, whether in whole or in part, shall be made by the Company without the previous consent of the Government of the Reich and of the Trustee.

§ 11.

Classification of railways.

The Government of the German State concerned and the Company shall be entitled to be heard on the question as to whether a railway is to be considered as of general interest; the final decision rests with the Minister of the Reich responsible for the control of the railways.

§ 12.

Transfer of rights under the concession.

In special cases where it appears advantageous in the operation of the undertaking the Company may, with the assent of the Government of the Reich, transfer the concession of individual parts of the system to third parties, provided that the Company's ability to pay the reparation tax and the security of the same are not diminished thereby.

§ 13.

Services to or by Departments of the Governments.

Any service rendered by the Company to the Posts and Telegraphs and other Departments of the Reich, to the States, Communes or joint communal authorities (Gemeindeverbände), and likewise any service rendered by these Departments, authorities or bodies to the Company, shall be paid for at such rates as would be reasonable if the transactions were of an ordinary commercial nature. The reduced rates hitherto conceded for military transport shall be maintained unless and until a fresh agreement is entered into by the Government and the Company.

§ 14.

Exemption from taxation.

The Company shall be exempt from any new direct tax on its net or gross receipts, on its movable or immovable property or on its personnel, and from any other new direct tax of the Reich, the States, Communes or joint communal authorities, or other public bodies. Any tax to which the "Deutsche Reichsbahn" undertaking was not subject on February 12th, 1924, shall be considered as a new tax.

§ 15.

Transport tax.

(1) The Company shall collect the transport tax at the rates in force on April 1st, 1924. An agreement may be entered into between the Government

§ 13.

Services to or by Departments of the Governments.

No change.

§ 14.

Exemption from taxation.

No change.

§ 15 (new).

Contributions towards the administrative expenditure of the Communes.

In discharge of claims to a contribution towards administrative expenditure put forward by communes in which a relatively large proportion of railway staff is domiciled, the Company shall pay annually to the Government of the Reich the fixed sum of five million reichsmarks agreed on with the Government, which will lay down the principles of distribution among the communes concerned. Should circumstances alter in the future, the amount payable by the Company shall be fixed by a new agreement between the Government and the Company.

§ 15 (former).

Transport tax.

Omitted.

and the Company for the simplification of the method of calculation of the tax, provided that no such agreement shall entail any reduction in the total yield of this tax.

(2) In the first year of operation, the Company shall pay over the whole proceeds of the tax to the Reich. In the second year of operation, the Company shall pay 250 million marks gold to the account of the Agent for Reparation Payments at the "New Bank" and the balance of the proceeds to the Reich. In each subsequent year of operation until the end of the concession and of any extension thereof the Company shall pay 290 million marks gold yearly to the Agent for Reparation Payments and the balance of the proceeds to the Reich. The payments by the Company shall be made monthly.

§ 16.

Other laws; their application to the Company.

(1) The Company shall not be subject to the laws and statutory regulations which apply to commercial companies, except so for as they are expressly declared by the present Law or by the Company's Concession (Gesellschaftssatzung) to be applicable to the Company.

(2) Sections 178, 179 (Sub-section 1), 181, 210 (Sub-section 1), 211, 213, 214 (Sub-section 1), 217 (Sub-sections 1 and 3), 225, 228-230, 231 (Sub-section 1), 232 (Sub-section 1), 235-237, 239, 245, 248, 249 (Sub-sections 1, 2 and 4), 312, 314 (Sub-section 1 No. 1 and Sub-sections 2 and 3) of the Commerce Code (Handelsgesetzbuch) shall apply to the Company with the necessary alterations, provided that the words "General Meeting" and "Supervisory Council" (Aufsichtsrat) shall be held to refer to the Board of Management (Verwaltungsrat) of the Company.

(3) The Laws and statutory regulations (Verordnungen) which apply in general to all railways in Germany shall apply to the Company in so far as they are not in contradiction with the present Law or the Company's Concession (Gesellschaftssatzung). The provisions of such laws and regulations as concern solely private railways and which deal especially with the concession, operation or inspection of such railways shall not apply to the Company.

§ 16.

Other laws; their application to the Company.

(1) The Company shall be subject to general legislation, in so far as it does not enjoy a privileged position in virtue of the provisions of the present Law or of the Company's Statutes. The laws and decrees relating to private railways alone, in particular to their concession, operation or supervision, shall not be applicable to the Company.

(2) [Formerly (1)] no change.

(3) [Formerly (2)] no change.

(4) The Company shall be entitled to claim for itself and its personnel the benefit of the provisions which exist in favour of the Departments of the Reich and their personnel in the matter of the Versicherungs-, Wirtschafts-, Arbeits-, Fürsorge- and Wohnungsrecht (insurance, household requirements, work, benefits and housing). The Minister of the Reich responsible for the control of the railways shall issue any such ordinance or ordinances as may be necessary to carry the above provision into effect. Subject as above the Director General shall exercise the functions of the supreme authority of the Reich (Oberste Reichsbehörde).

(5) The provisions of the Gewerbeordnung (Laws concerning trades and industries) shall not apply to the operation of the Company.

(6) The provisions of the Commerce Code relating to entry in the Commerce Register and to the legal consequences of such entry shall not apply to the Company.

§ 17.

Company officials not State officials.

The authorities of the Company shall not be authorities or official organs of the Reich. They shall, however, retain such rights of a public authority as have hitherto been enjoyed by the authorities of the "Deutsche Reichsbahn" undertaking. The Company shall be entitled to use a seal displaying the German eagle.

§ 18.

Representation of the Company.

The Board of Management (Verwaltungsrat) and the Directorate (Vorstand) shall have authority to represent the Company and to act in its name subject to the restrictions laid down in the Company's Concession.

§ 19.

Legal position of the personnel.

(1) The rights, duties and conditions of service of the personnel of the Company shall be determined by the Staff Regulations (Personalordnung),

(4) The Company shall be entitled to claim for itself and its personnel the benefit of the provision which exists in favour of the Departments or undertakings of the Reich and their personnel in the matter of the Versicherungs-, Wirtschafts-, Arbeits-, Fürsorge- and Wohnungsrecht (insurance, economic, labour, pensions and housing legislation). The right to such benefit will be acquired by a declaration to the Government of the Reich. Where a special decree is required to establish the Company's privileged position under the laws concerned, such decree shall be issued by the Minister of the Reich responsible for the control of the railways. The powers exercised by the supreme authority of the Reich (Oberste Reichsbehörde) in these matters shall, unless otherwise stipulated in the laws, be exercised by the Director General.

(5) and (6) no change.

§ 17.

Company officials not State officials.

The authorities of the Company shall not be authorities or official organs of the Reich. They have, however, the same standing under public law and the duties connected therewith as the Deutsche Reichsbahn undertaking prior to the creation of the Company. The Company shall be entitled to use a seal displaying the German eagle.

§ 18.

Representation of the Company.

No change.

§ 19.

Legal position of the personnel.

(1) The Company shall draw up staff regulations (Personalordnung) in conformity with and subject to the following provisions. The regula-

which shall be drawn up by the Company in conformity with and subject to the following provisions:

(2) Provided that the laws and statutory regulations of general application in reference to labour benefits and insurance shall apply to the Beamte (Permanent Staff), employees and workmen of the Company in so far as they do not conflict with the provisions of this Law and of the Company's concession.

(3) A new separate law (Reichsbahnpersonalgesetz), which shall take effect simultaneously with this Law, shall bring the legal provisions at present in force in this matter into accordance with the provisions of this Law.

tions shall define the rights, conditions of service and salaries of the Railway officials (Beamte) on lines similar to those governing the provisions in respect of officials of the Reich. Where the Company believes that the special circumstances of the Railway necessitate a deviation in its own regulations from the provisions applicable to officials of the Reich, the Company shall inform and discuss its intentions with the Government of the Reich. If no agreement can be reached, the final decision shall rest with the Railway Court (§ 44). Until the Railway Court takes a decision, the existing regulations shall remain in force.

Provisional Regulation.

The regulations governing the rights, conditions of service and salaries of railway officials on October 1, 1929 shall be considered as having been issued in agreement with the Government of the Reich.

(2) The staff regulations may contain provisions in respect of the rights and conditions of service of employees and workers, where such rights and conditions of service are not the subject of agreements based on recognised general principles (wage agreements, working agreements, individual contracts).

Provisional Regulation.

Matters regulated on October 1, 1929 under §§ 3 to 22 of the staff regulations or entrusted to the Director General for settlement in virtue of the staff regulations shall be considered to be matters which may be decided by the staff regulations, save in so far as otherwise provided under § 19 paragraph 3.

(3) Save in so far as otherwise provided in the present Law or in the Company's Statutes, the general laws and ordinances governing labour, pensions and insurance shall apply to the officials, employees and workers of the Company. In particular legislation on the working hours of employees and workers shall apply to the employees and workers of the Company. In those branches of the service, however, in which the special conditions of the Railway system or the collaboration of officials, employees and workers calls for a uniform regulation of working hours, the Company may secure such uniformity by applying the service regulations for officials to the working hours of employees and workers. Those branches of the service in which the service regulations for officials

(4) Until the Company's staff regulations come into force, the personnel of the Company shall be governed by the provisions and service regulations hitherto applying to the personnel of the "Deutsche Reichsbahn" undertaking, so far as such provisions are not contrary to the provisions of the present Law.

§ 20.

Protection of existing rights.

(1) The Reichsbeamte (Permanent Staff) at present in the service of the Deutsche Reichsbahn undertaking with the exception of such as are entrusted with control functions on behalf of the Government, shall as from the date of the concession become Beamte of the Company (Reichsbahnbeamte). These Beamte shall retain the rights which they possessed as Reichsbeamte in respect of full pay, half-pay (Wartegeld), pension, allowances to surviving dependents, as also in respect of the continuance of full pay during sickness or holidays.

(2) Beamte at present entitled to be taken back into the service of the Deutsche Reichsbahn undertaking shall retain the same right as against the Company.

(3) The Company shall also take into its service the Angestellte (employees) and workmen employed by the Deutsche Reichsbahn undertaking, with their respective rights and obligations.

§ 21.

Local employment of staff.

The Beamte, employees and workmen of the Company shall as a general rule be employed in the State of which they are citizens. Upon request they shall further be employed, as far as possible, subject to their qualifications and the needs of the service, in the region of their homes.

may be given general application are enumerated under Section A of Annex II to the present law; under Section B are enumerated those branches of the service in which such general application is not permissible. In the case of branches of the service not included under either A or B. the regulation of working hours by general agreement, in particular by wage agreement, shall take into consideration the principle established in sentence 3 in respect of the application of the working hours of officials to employees and workers.

(4) and (5), [formerly (3) and (4)] no change.

§ 20.

Protection of existing rights.

No change.

§ 21.

Local employment of staff.

No change.

§ 22.

Staff Regulations.

(1) The Staff Regulations to be drawn up by the Company shall in particular determine the following matters, subject always to the provisions of this Law:

a) The conditions of appointment and promotion of Beamte;

b) Their classification;

c) The salaries, whether full pay or half pay (Wartegeld) and all permanent allowances of the Beamte, as also the pension scale and allowances to surviving dependents;

d) Hours of work of Beamte;

e) Conditions of service and salaries and wages of Angestellte and workmen so far as they may not be the subject of contracts;

f) Conditions of admission and appointment of such candidates as are entitled to civil employment.

(2) The Company shall have the right so to fix the hours of work of its employees and workmen as to correspond with the regulations which it may make for the work of its Beamte.

(3) The Company in drawing up its Staff Regulations, shall have regard to the special conditions of railway service, but shall never fix the rights, duties and conditions of service of its Beamte without due consideration of the regulations applying to Beamte of the Reich.

§ 23.

Duties of Beamte.

(1) Every Reichsbahnbeamter shall be under obligation to protect the public interest and the interests of the Company.

(2) In case of breach of duty, the Reichsbahnbeamte shall be subject to the same disciplinary procedure with the necessary changes as is provided for in the case of Beamte of the Reich. In any such case, the Director-General or his authorised representatives shall possess the powers of the supreme authority of the Reich (Oberste Reichsbehörde).

(3) The Director-General shall be the supreme head of all the personnel of the Company.

§ 22.

Staff Regulations.

The Staff Regulations to be drawn up by the Company shall in particular determine the following matters, subject always to the provisions of this Law:

a) The conditions of appointment and promotion of officials;

b) Their classification;

c) Salaries, retaining pay and all other allowances to officials, as also the pension scale and allowances to surviving dependents;

d) Hours of work (hours on and off duty) of officials;

e) Conditions of employment and appointment of candidates entitled to civil employment.

§ 23.

Duties of officials (Beamte).

(1) No change.

(2) In case of breach of duty, the railway official shall be subject to the same disciplinary procedure, with the necessary changes, as is provided for at the time in question in the case of officials of the Reich. In any such case, the Director-General or his authorised representatives shall possess the powers of the supreme authority of the Reich (Oberste Reichsbehörde).

(3) No change.

§ 24.

Employment in lower grades. Half pay.

A Reichsbahnbeamter can be employed in a lower grade capacity, when the necessities of the service so require. He may also be placed temporarily on half pay (Wartegeld).

§ 25.

Persons entitled to civil employment.

In future appointments of Beamte and employees the Company shall reserve 15 % of the vacancies for such candidates as after service in the Army, the Navy or the Police have a preferential right to civil employment.

§ 26.

Reservations as to salaries.

(1) In fixing the pay and permanent allowances of the Reichsbahnbeamte other than superior officers (Leitende Beamte) the Company shall take into consideration the position of Reichsbeamte.

(2) If the Company proposes to increase the pay and permanent allowances of any class of Reichsbahnbeamte other than superior officers, it shall communicate its proposals in advance to the Government. The Government shall thereupon be entitled within 20 days to object to such proposals or to require their modification in any case where they might tend by their reaction upon the situation of Reichsbeamte to impose upon the Reich a serious burden. In case of disagreement between the Government and the Company, the Company may appeal to the Tribunal established under Section 44 of this law. In such case the existing pay and permanent allowances shall continue to be paid until the decision of the Tribunal is given.

(3) This provision shall not affect the right of the Company to grant bonuses in special cases, provided that the total of such bonuses shall never exceed a sum equal to five (5 %) per cent of the total pay and permanent allowances of the Beamte.

§ 24.

Retirement on retaining pay.

The Company can place its officials temporarily on the retired list with retaining pay. The principles governing temporary retirement and the legal means of redress of officials against such a measure shall be laid down in the staff regulations. The provisions of the staff regulations in force on October 1, 1929, relating to temporary retirement, legal means of redress and the participation of representatives of the officials in the decisions on legal means of redress, cannot be amended without the assent of the Government of the Reich.

§ 25.

Persons entitled to civil employment.

No change.

§ 26.

Reservations as to salaries.

(1) In fixing the pay and permanent allowances of railway officials other than superior officials (leitende Beamte) the Company shall act in conformity with the provisions of § 19.

(2) This provision shall not affect the right of the Company to grant bonuses on general principles for service in particularly responsible posts or under particularly difficult circumstances, as well as for exceptional services rendered, provided that the total of such bonuses does not exceed four per cent of the total expenditure on the pay of officials. The principles in question shall be established and published after consultation with the Officials' Council or with the representative organisation taking its place in virtue of subsequent legislation.

(3) The Company shall be free to fix the emoluments of superior officials. These officials will be designed by the Board of Management. Should their number exceed one-half per mille of the total permanent staff, the assent of the Government of the Reich must be obtained.

(4) The Company shall be free to fix the emoluments of such officials as the Board of Management may designate as superior officers.

§ 27.

Unity of the undertaking.

The railways conceded to the Company shall always be so operated and managed as to preserve the character of the Company as a unified undertaking, especially in matters of tariffs and finance.

§ 28.

Domicile of the Company.

For the purpose of legal proceedings the Company shall be held to be domiciled in the place where is situated the Directorate, central or local, empowered by the standing orders of the Company to represent it.

§ 29.

Accountancy.

The Company's accounts shall be kept according to the principles of commercial accountancy, in such a manner that the financial position of the undertaking may be clearly ascertained at any moment.

§ 30.

Balance sheet, Profit and Loss Account.

(1) The Company's balance sheet and Profit and Loss Account shall be published yearly, within six months after the close of each financial year.

(2) The Government shall have the right to examine the Company's Balance Sheet and Profit and Loss Account at any time, to inspect all such books of account concerning the Balance Sheet and Profit and Loss Account as are kept at the Head Office of the Company and to call for all necessary information, provided that no special expenditure is thereby entailed on the Company.

(3) The Reichshaushaltsordnung (Budget System) shall not apply to the Company.

§ 31.

Government Supervision.

The Government reserves over the Company the rights following:—

§ 27.

Unity of the undertaking.

No change.

§ 28.

Domicile of the Company.

No change.

§ 29.

Accountancy.

No change.

§ 30.

Balance-sheet, Profit and Loss Account.

(1) No change.

(2) The Government shall have the right to examine the Company's Balance-sheet and Profit and Loss Account at any time, to inspect all such books of account concerning the Balance-sheet and Profit and Loss Account as are kept at the Head Office of the Company and to call for all necessary information, provided that no unnecessary expenditure is thereby entailed on the Company.

(3) No change.

§ 31.

Government supervision.

The Government reserves over the Company the rights following:—

(1) The right to ensure that the Railways of the Reich together with all their works, rolling stock, plant and material are maintained and operated in a manner consistent with safety and public convenience (cf. Section 9, Sub-section 1);

(2) The right to approve:

(*a*) The permanent closing for traffic of a line or of an important station;

(*b*) The introduction of new apparatus or appliances, or the replacement of existing apparatus or appliances in any case where such introduction or replacement is on an important scale or intended to be generally applied, such as the extension or restriction of electric traction or changes in the system of train protection. The Company shall remain solely responsible for the technical details of construction.

(3) The right to approve the acquisition of other undertakings or the participation in other undertakings not directly connected with the operation of the railways of the Reich:

(4) Such participation in fixing tariffs as is specified in Section 33;

(5) Such participation in fixing passenger train services as is specified in Section 35;

(6) The right to approve the abolition of any of the existing classes of passenger vehicles;

(7) The right to supervise the maintenance of emergency services.

(1) The right to ensure that the railways of the Reich are administered in conformity with the laws and in accordance with the requirements of traffic and of the German economy, subject at the same time to the observance of the special rights and duties arising in respect of the management of the Company out of the provisions of the present Law and the Company's Statutes;

(2) The right to ensure that the railways of the Reich together with all their works, rolling stock, plant and material are maintained and operated in a manner consistent with safety and public convenience;

(3) The right to approve:

(*a*) The permanent closing for traffic of a line or of an important station.
Where the Company intends to close down a large workshop, it is sufficient if six months' notice is given to the Government of the Reich;

(*b*) The general fundamental renewal or alteration of technical installations, in particular the right to approve the extension or restriction of electric traction or changes in the system of safety appliances. The Company shall remain solely responsible for the technical details of construction;

(4) The right to approve the foundation or acquisition of other undertakings or participation in other undertakings;

(5) Such participation in fixing tariffs as is specified in § 33;

(6) Such participation in fixing passenger train services as is specified in § 35;

(7) The right to approve the absolition of any of the existing classes in passenger traffic;

(8) The right to supervise the maintenance of emergency services.

§ 32.

Government's right to information.

The Government may require the Company to furnish all information of a financial nature; and, within the limits of its rights of supervision, all information of a technical and administrative nature, provided that no unnecessary expense is thereby caused to the Company.

§ 33.

Tariffs.

(1) The Company shall at the outset charge the tariffs at that moment in force. Subsequently it may change these tariffs or any of them under the conditions set out hereafter. The provisions contained in Treaties in force in reference to tariffs shall be observed by the Company.

(2) There shall be submitted for the approval of the Government any alteration in the methods of tariff application prescribed by the Eisenbahn-Verkehrsordnung (Traffic Prescriptions), in the general tariffs, including the general tariff regulations, in the freight classification and in the scale of supplementary charges, as also the introduction, alteration or withdrawal of international or exceptional tariffs or of any other special concessions in tariffs.

(3) The approval of the Government shall be held to have been given if the Company has not received a reply from the Minister of the Reich

§ 32.

Government's right to information.

(1) The Government may require the Company to furnish all information of a financial nature together with all information required in the exercise of its right of supervision. No unnecessary expense is thereby to be caused to the Company.

(2) The Minister of the Reich responsible for the control of the railways is entitled to inspect all plant and service departments throughout the entire system, or to cause the same to be inspected by his officials. He is entitled together with those of his officials entrusted with railway matters of the Reich to travel free of charge on the Company's system.

(3) The Government of the Reich is entitled to send one representative to the meetings of the Board of Management in accordance with § 14 of the Company's Statutes.

(4) The Company shall inform the Minister of the Reich responsible for the control of the railways of all important measures of a general nature.

(5) Officials entrusted with the supervision of the railway shall be bound to secrecy in matters of a confidential nature concerning the Company.

§ 33.

Tariffs.

(1) No change.

(2) No change.

(3) The approval of the Government shall be held to have been given if the Company has not received a reply from the Minister of the Reich

responsible for the control of the railways within twenty days of its application for approval. The definite decision of the Government on any tariff proposal submitted by the Company shall always be given with the least possible delay. The existing tariffs shall remain in force until the Government has rendered its decision, or, in case of disagreement between the Government and the Company, until the judgment of the Tribunal, or, as the case may be, of the Arbitrator under the provisions of Sections 44 and 45 of this law, has been pronounced.

(4) The Government may renounce the right of previous approval in such cases as are not of important public interest. In any such case alterations made are to be notified forthwith to the Government.

(5) The Government may further call for a reduction in tariffs or any other alterations in tariff provisions which it considers necessary in the interests of the national economy. In case of difference between the Government and the Company the case shall be referred to the Tribunal or the Arbitrator under the provisions of sections 44 and 45 of this Law.

§ 34.

Protection of the interest and sinking fund.

The rights of supervision and control of the operating and tariffs of the Railways reserved to the Government by the present law shall never be so exercised by the Government as to prevent the Company earning a net revenue adequate to secure the regular payment of interest and sinking fund on the bonds and the preference shares.

§ 35.

Time-tables.

(1) The Company shall submit to the Government the proposed passenger time-tables for the coming year or half-year, as the case may be. In the case of international trains, such time-tables shall be submitted to the Government before their international discussion.

(2) The Company shall as far as possible comply with the Government's proposals for alterations.

responsible for the control of the railways within twenty days of an application by the Company for approval. The definite decision of the Government on any tariff proposal submitted by the Company shall always be given with the least possible delay. Where no definite decision is pronounced within six months, or where approval is withheld altogether or in part, the Company may appeal to the Railway Court (§ 44). In this event the existing tariffs shall remain in force until the Railway Court has made it award.

(4) No change.

(5) The Government of the Reich may in addition call for such tariff changes as it considers necessary. In the event of differences between the Government and the Company the decision rests with the Railway Court (§ 44).

§ 34.

Protection of the reparation tax and of interest and sinking fund.

The rights of supervision and control of the operation and tariffs of the Company reserved to the Government by the present Law shall be exercised in such a way as to secure the payments in respect of the reparation tax, the interest and sinking fund for the bonds, the preference dividend and the provision of funds for the redemption of the preference shares.

§ 35.

Time-tables.

No change.

§ 36.

Negotiations with foreign Governments.

The Company shall not enter into negotiations with foreign Governments without the previous consent of the German Government which reserves the right of approval.

§ 37.

New works.

(1) The construction of new lines, the purchase of existing lines and the conversion of a secondary line (Nebenbahn) worked by the Company into a main line (Hauptbahn) and vice versa require the consent of the Government.

(2) Any dispute arising between the Company and the police authorities of a German State in regard to the plans for the construction of new works, and the modification of existing works of the railways of the Reich shall be decided by the Government of the Reich as the final authority. The Government shall have the same authority in settling the limits of deviation of new lines. In such cases the Company shall submit the plans together with the report of the local authorities, in so far as Article 94, sub-section 1, of the Constitution of the Reich requires, to the Minister of the Reich responsible for the control of the railways for his counter-signature.

(3) The Company shall be free to settle the plans for any works for which the Government authorisation is not required by sub-section 2 above.

(4) In all cases in which the plans render necessary the taking of lands by compulsion, the approval referred to in the present Section will be only given provisionally.

(5) The Company in carrying out its works will be responsible for compliance with all police and safety regulations. The works will not be officially passed.

§ 36.

Negotiations with foreign Governments.

No change.

§ 37.

New works.

(1) No change.

(2) Where new works or the modification of existing railway works come within the administrative sphere of the police of a particular German State, the Company shall consult the authorities of the State in question before definitely fixing its plans. Where new works or modifications come within the administrative sphere of authorities of the Reich, which have taken over duties of the police of the State in question, such authorities of the Reich shall also be heard. Where the hearing leads to differences between the Company and the State or Reich authorities concerned, the plans shall be finally decided upon by the Government of the Reich. The plans for new lines of the Company shall always be decided upon by the Government of the Reich. In both cases the Company shall submit the plans, together with the memoranda, where such have been drawn up by the authorities concerned, to the Minister of the Reich responsible for the control of the railways. The fixation of the plan comprises the final decision in respect of all matters affected by the drafting of the plan.

(3) to (5) No change.

§ 38.

Compulsory taking of lands.

(1) The Company shall posses the right to take lands compulsorily for the purposes for which it is established.

(2) On the application of the Company, the President of the Reich shall be the sole authority to decide in each case whether the right may be exercised. When the Company desires to enter upon lands for the purpose of preliminary works, the Minister of the Reich responsible for the control of the railways shall be the sole authority to permit such entry after hearing the police authorities of the State concerned. The final decisions as to the method of execution and the extent of the lands to be taken shall be given by the Minister of the Reich responsible for the control of the railways after hearing the police authority of the State concerned, except in so far as this decision has to be given by an administrative tribunal. In other respects the laws of the respective States as to the compulsory taking of lands shall apply.

(3) The previous consent of the Government of the Reich shall be necessary before the compulsory taking of any portion of the property of the Reich railways or of the Company's lands.

§ 39.

Respective rights of road and rail.

When, at any point where a railway crosses a public road, the growth of traffic or any other change of circumstances renders necessary an alteration either of the railway, or of the public road, or of both railway and road, the costs shall be borne wholly by the Company if the alteration is required exclusively to meet the needs of the railway service; they shall be borne wholly by the road authority if the alteration is required exclusively to meet the needs of the road traffic; they shall be divided equitably between the two parties if the alteration is required to meet the needs of both parties. In case of disagreement as to the division of the costs, the question shall be decided without appeal by the Minister of the Reich responsible for the control of the railways, except in cases where such decision has to be given by an Administrative Tribunal.

§ 38.

Compulsory taking of lands.

(1) and (2) No change.

(3) The expropriation or restriction of ownership of parts of the property of the Railway and of landsites owned by the Company shall require the previous assent of the Government of the Reich.

§ 39.

Respective rights of road and rail.

When, at any point where a railway crosses a public road, the growth of traffic or any other change of circumstances renders necessary an alteration either of the railway, or the public road, or of both railway and road, the costs shall be borne by the Company if the alteration is required exclusively to meet the needs of the railway service; they shall be borne by the road authority if the alteration is required exclusively to meet the needs of road traffic; in every case the other party shall bear a share of the costs proportionate to the financial advantages accruing to it as a result of the alterations undertaken. The costs shall be divided equitably between the two parties, if the alteration is required to meet the needs of both parties. In case of disagreement as to the division of the costs, the question shall be decided without appeal by the Minister of the Reich responsible for the control of the railways, except in cases where such decision has to be given by an Administrative Tribunal.

§ 40.

Supervision of private railways.

The Government shall be entitled to employ certain authorities of the Company, more particularly the Directorates, to inspect railways which are not worked by the Company (Article 95 of the Constitution of the Reich). This inspection shall be made in conformity with the instructions and on account of the Government. The officials of the Company entrusted with such inspections shall be specially sworn for the purpose.

§ 41.

Expiration of the concession.

(1) As from the expiration of its concession the Company shall hand back to the Government in good condition and free of all cost the undertaking and everything attached thereto, together with an adequate supply of stocks and stores and all subsidiary works and undertakings. The Company shall also transfer to the Reich its participation in other undertakings. On such retransfer the Reich shall be held to take over all the rights and obligations connected with the Company's operation.

(2) On the expiration of the concession the Reich shall be substituted for the Company in all current contracts which the Company may have made.

§ 42.

Liquidation.

After the expiration of the Concession, the Company shall forthwith go into liquidation. Such of its property as remains after meeting all the debts and obligations which the Reich has not taken over shall pass to the Reich.

§ 43.

Staatsvertrag.

(1) There shall be transferred to and imposed upon the Company the rights and obligations of the Reich arising out of the provisions of the "Agreement for the Transfer of the Railways of the States to the Reich" (Staatsvertrag über den

§ 40.

Transfer of duties incumbent upon the Transport Administration.

The Government of the Reich may, in agreement with the Company, entrust individual departments or officials of the Company, in particular the Districts (Reichsbahndirektionen), with the supervision on behalf of the Reich of railways not operated by the Company (Article 95 of the Constitution) and with other duties of transport administration. Such duties are to be fulfilled in accordance with the instructions of the Government and for the account of the same. Railway officials entrusted with such duties are to be specially sworn in for these functions.

§ 41.

Expiration of the concession.

(1) As from the expiration of its concession the Company shall hand back to the Government in good condition and free of all cost the undertaking and everything attached thereto, together with an adequate supply of stocks and stores and all subsidiary works and undertakings, subject to such agreement as may have been concluded between the Company and the Government under § 8, together with all holdings in other undertakings. On such re-transfer the Reich shall be held to take over all the rights and obligations connected with the Company's operation.

(2) No change.

§ 42.

Liquidation.

No change.

§ 43.

Staatsvertrag.

(1) No change.

Übergang der Staatseisenbahnen auf das Reich), of the Protocol thereto, and of the Law of April 30, 1920 (Reichsgesetzblatt 1920, p. 773), with the exception of the provisions following, Sections 3 to 7, 17, 20, 25, 33, 37 and 43 of the Agreement, Nos. 2 and 3 of the Protocol to Section 22, No. 2 and the last sentence of No. 3 of the Protocol to Section 24, No. 2 of Section 36, and the Protocol to Section 37.

(2) Differences as to the interpretation or application of the provisions of the said Agreement, so far as they are applicable to the Company, shall be determined exclusively in accordance with the provisions of Sections 44 and 45 of this law. In any such proceedings the States shall be represented by the Reich.

§ 44.

Special Tribunal.

(1) In case of difference between the Government and the Company in respect of the interpretation of the provisions of this Law and of the Company's Concession (Gesellschaftssatzung) or in respect of the steps to be taken under this Law and the Concession or in respect of any question of the same nature such difference shall be submitted to the Special Tribunal.

(2) The Tribunal shall have its principal office at the Reichsgericht. The Tribunal shall be composed of a President and two other members. The President of the Reichsgericht shall appoint for a period of five years the President of the Tribunal and also a deputy, to act if the President is unable to serve. The President and his deputy shall be experienced judges of German nationality and shall be re-eligible. The other two members of the Tribunal shall be appointed for each difference by the President of the Reichsgericht, the one on the nomination of the Government and the other on the nomination of the Company. Subject to the above provisions, the provisions of Sections 19 (sentences 2 and 3), 20 to 22, 24 to 26, 28 (subsection 1), 29 (sub-section 1 and sub-section 2, sentence 1), and 30 of the Act, concerning the Staatsgerichtshof (Reichsgesetzblatt 1921, p. 905) shall apply with the necessary alterations to the Tribunal. The practice and procedure of the Tribunal shall be laid down in Rules made by the President of the Reichsgericht and published in the Reichsgesetzblatt.

(2) Differences as to the interpretation or application of the provisions of paragraph 1, so far as they are applicable to the Company, shall be determined exclusively by the Railway Court (§ 44). In any such proceedings the States shall be represented by the Reich.

§ 44.

Railway Court.

(1) Disputes between the Government and the Company in respect of the interpretation of the provisions of this Law and of the Company's Statutes, or in respect of measures under the Law or the Statutes, in particular tariff matters, shall be referred to a special tribunal (Railway Court).

(2) The Railway Court will be constituted at the Court of Administration of the Reich (Reichsverwaltungsgericht) so soon as the latter is established. The Railway Court shall comprise the chairman and two members of a Chamber of the Court of Administration appointed once for all by the President of the said Court of Administration. In disputes on tariff matters two further members will be added, the one being appointed on the proposal of the Government and the other on the proposal of the Company in each case afresh by the President of the Court of Administration. Until the Court of Administration is established, the Railway Court shall have its seat at the Supreme Court of the Reich (Reichsgericht) and shall comprise three permanent members and two members appointed afresh in each case. The permanent members together with two replacing members shall be appointed by the President of the Staatsgerichtshof and shall be judges with special experience in matters of public law. One of the permanent members shall be appointed as chairman and another as vice-chairman by the

(3) If either the Government or the Company consider the decision of the Tribunal liable to imperil the due payment of interest and sinking fund of the Reparation Bonds, either party may within a month after the decision is rendered appeal to the Arbitrator provided for in Section 45.

(4) The Government or the Company may also appeal to the said Arbitrator (section 45), if, within a period of three months in tariff matters or of one year in any other case, reckoning from the date of submission of the difference to the Tribunal, the Tribunal has not given its decision, and if the due payment of interest and sinking fund of the Reparation Bonds is thereby imperilled. Such appeal shall have effect to vacate the proceedings before the Tribunal.

§ 45.

Arbitrator.

(1) If any difference should arise between the Reparation Commission or one of the Governments represented on the said Commission, or the Trustee, or the Commissioner charged with the protection of the interests of the holders of the Reparation Bonds, on the one hand, and the Government of the Reich and the Company, or either of them, on the other hand, or between the Government and the Company, but subject in this latter case to the provisions of Section 44 of this Law, whether such difference be in reference to the interpretation of any provision of this law or of

President of the Staatsgerichtshof. Of the two members to be appointed afresh in each separate case the one shall be appointed on the proposal of the Government and the other on the proposal of the Company by the President of the Staatsgerichtshof. The provisions of § 19 sentence 2 and 3, §§ 20 to 22, §§ 24 to 26, § 28 paragraph 1, § 29 paragraph 1 and paragraph 2 sentence 1, and § 30 of the Law relating to the Staatsgerichtshof Reichsgesetzblatt 1921, page 905) apply *mutatis mutandis.* The detailed provisions governing procedure shall be fixed by regulations to be issued by the President of the Court of Administration, or until the constitution of this Court by the President of the Staatsgerichtshof, and published in the Reichsgesetzblatt. The said regulations shall ensure the pronouncement of a decision by the Railway Court with the minimum of delay.

(3) and (4) omitted.

§ 45.

Arbitrator.

Omitted.

the Company's Concession (Gesellschaftssatzung), or in reference to steps to be taken to carry out this Law or the Concession, or any question of the same nature, such difference shall, until such time as the whole of the Reparation Bonds have been paid off, be submitted for the decision of an Arbitrator.

(2) The said Arbitrator shall be appointed by the President for the time being of the Permanent Court of International Justice and shall, if either party to the difference so require, be of neutral nationality. The decision of the Arbitrator shall be final and without appeal.

§ 46.

Gold mark.

All payments to be made to the Agent for Reparation Payments according to this law and the Concession (Gesellschaftssatzung) are to be made in gold marks or their equivalent in German currency. A gold mark shall be considered as equal to the London price of $^1/_{2790}$ kilograms of fine gold on the third Stock Exchange day before the day on which the payments have to be made. For purposes of exchange there shall be taken the average rate (Mittelkurs) of the last official quotation in Berlin of a telegraphic transfer on London on the third Stock Exchange day before the day on which the payments have to be made. In case of payments before the due date the value of the gold mark shall be calculated as on the actual day of payment instead of on the due date.

§ 47.

Temporary provisions.

(1) This law shall come into force on the day following the day of its publication.

(2) The transfer of the Concession to the Company shall be carried out in the following manner:

(3) So soon as the Government and the Trustee shall have nominated the members of the Board of Management, who, in accordance with this Law are required to be nominated by each of them respectively, they shall so inform the "Organisation Committee of the German Railway Company", and the Committee shall thereupon summon the first meeting of the Board.

(4) The Board shall thereupon elect its President and one or more Vice-Presidents, and nominate

§ 46.

Gold mark.

Omitted.

§ 47.

Temporary provisions.

Omitted.

the Director General of the Company whose nomination shall be submitted for confirmation to the President of the Reich.

(5) It will be the duty of the Director General, subject to the approval of the Board, to work out in conjunction with the Transport Minister, all preliminaries necessary for the transfer of the concession.

(6) It shall be the duty of the Director General to examine in conjunction with the Transport Minister the main features of the situation of the undertaking to be transferred to the Company, that is to say, the stocks and stores of every kind, the cash in hand and the bank balances. The stocks and stores shall be broadly equivalent in total value to those entered in the statement submitted to the Organisation Committee by the Transport Minister under date of July 8, 1924, such stocks and stores being valued on the same basis as was employed in making the inventory of July 8. The statement of July 8, 1924, also enumerates all liabilites of serious importance of the undertaking "Deutsche Reichsbahn" existing at that date, the reponsibility for which will be assumed by the Company.

(7) In case of any difference, either the Transport Minister or the Director General may submit the difference to the Organisation Committee whose decision shall be final.

(8) When all the preparations for the transfer of the Concession have been made, the Transport Minister and the Director General shall report jointly in writing to that effect to the Organisation Committee, who shall thereupon report in writing to the Government that the Company is prepared to take over the Concession. The transfer of the Concession shall thereupon become legally effective. The date of the transfer shall be published in the Reichsgesetzblatt, and thereafter the Statutory Decree of February 12, 1924 (Reichsgesetzblatt I, page 57), creating the Deutsche Reichsbahn undertaking shall cease to have effect.

Annex I

Concerning the German Railway to the Law Company.

Concession of the Deutsche Reichsbahn-Gesellschaft (Company's Statutes).

Text of the Statutes of August 30, 1924.

§ 1.

Name of the Company.

(1) The name of the Company shall be the Deutsche Reichsbahn-Gesellschaft (German Reich Railway Company).

(2) Its legal status is fixed by the Deutsche Reichsbahn-Gesellschaft Law of August 30, 1924, and by this Concession which forms part of the Law. The Head Offices of the Company shall be in Berlin.

(3) The Company's financial year shall begin on January 1, and shall end on December 31 of each year, provided that the first financial year shall begin on the day on which according to Section 47, sub-section (8), of the Law, the Company commences operations, and shall end on December 31, 1925.

§ 2.

Objects of the Undertaking.

The undertaking is incorporated for the purpose of operating the Railways of the Reich, including future extensions, and of engaging in all the operations attaching thereto or involved therein as set forth in the Law.

§ 3.

Original capital.

The Company's original capital shall consist of fifteen (15) milliard marks gold divided into two (2) milliards of preference shares and thirteen (13) milliards of ordinary shares.

Annex 1

Concerning the German Railway to the Law Company.

Concession of the Deutsche Reichsbahn-Gesellschaft (Company's Statutes).

Amendments introduced in the Statutes by the Law of March 13, 1930.

§ 1.

Name of the Company.

(1) No change.

(2) Its legal status is fixed by the Deutsche Reichsbahn-Gesellschaft Law of August 30, 1924, as amended by the Law of March 13, 1930, and by this Concession which forms part of the Law. The Head Offices of the Company shall be in Berlin.

(3) The Company's financial year shall be the calendar year.

§ 2.

Objects of the Undertaking.

No change.

§ 3.

Original capital.

(1) The Company's original capital shall consist of fifteen (15) milliard reichsmarks divided into two (2) milliards of preference shares (group A) and thirteen (13) milliards of ordinary shares. The provisions of § 25 in regard to the preference shares of group A series I to V remain unchanged.

§ 4.

Preference shares.

(1) The preference shares shall be issued as payable to bearer and be transferable by delivery. They will carry with them a right to the repayment of capital on or before the termination of the Concession and the right to a preferential dividend. Should the preferential dividend not be fully paid in any year it shall be paid out of the profits of subsequent years. If a dividend is paid on the ordinary shares an additional dividend shall be paid on the preference shares in accordance with the provisions of clause 25 below.

(2) The preference shares may be issued in different series and with different rights. The Company shall be free to fix the conditions of issue of each series, provided that the rate of dividend is not higher than seven per cent (7°/₀) and that the price of issue is not less than par. If it appears hereafter that preference shares cannot be issued except on terms less favourable for the Company, the Company must come to an agreement with the Government before making the issue.

(3) Any series of preference shares may be redeemed in whole or in part after the commencement of the sixteenth year from the date of its issue. Notwithstanding, if all the Reparation Bonds have been redeemed or paid off within a shorter period the Company shall be at liberty forthwith to redeem the preference shares.

(4) Should it be impossible, for reasons outside the control of the Company, to make payment to the bearers of certain shares, the necessary funds shall be paid into Court; this payment into Court shall operate in discharge of the Company as if the shares had been paid off.

(5) The preference shares must all be paid off at the end of the Concession.

(6) The preference shares shall be redeemed at the rates fixed below with the addition of current dividends and arrears, if any; in the case of redemption before the termination of the twenty-fifth

(2) Further preference shares (group B) to increase its capital may be issued by the Company in conformity with the provisions of § 3 paragraph 2 of the Law in virtue of a decision by the Board of Management.

§ 4.

Preference shares.

(1) The preference shares shall be issued as payable to bearer and be transferable by delivery. They will carry with them a right to the repayment of capital on or before the termination of the Concession and the right to a preferential dividend. Should the preferential dividend not be fully paid in any year it shall be paid out of the profits of subsequent years. If a dividend is paid on the ordinary shares an additional dividend shall be paid on the preference shares of group A in accordance with the provisions of § 25 below.

(2) No change.

(3) Any series of preference shares may be redeemed at any time in whole or in part, subject to the special provisions of § 26 in regard to the preference shares of group A series I to V.

(4) No change.

(5) No change.

(6) The preference shares shall be redeemed. subject to the special provisions in § 26 for the preference shares of group A series I to V, at rates to be determined by the Company at the time of

year from the commencement of the Concession, the redemption price shall be 20% above the par value of the shares; in case of redemption between the twenty-sixth and thirty-fifth year the redemption price shall be 10% above the par value. After the thirty-fifth year the redemption shall be at par.

(7) Subject to the above provisions, the Government may call upon the Company to exercise its right to redeem the shares provided that the Reich places the necessary funds at the disposal of the Company.

§ 5.

Division of proceeds from the sale of preference shares.

(1) One-fourth (1/4) of the total proceeds of the issue of preference shares shall be the property of the Reich and three-fourths (3/4) the property of the Company. Notwithstanding, the proceeds from individual issues may by agreement between the Government and the Company be divided differently, provided that the total shall be divided as set forth above.

(2) During the first two years after the commencement of the concession the Company shall sell preference shares to the nominal value of five hundred (500) million marks gold. The Government may claim that the whole of the proceeds of this sale shall be assigned to it.

§ 6

Ordinary shares.

(1) The ordinary shares shall be registered in the name of the Reich, or if the Government of the Reich so requests, in the name of a German State.

(2) The ordinary shares shall entitle the holders to the payment of a dividend under the conditions set forth in Clause 25.

§ 7.

Form and wording of the certificates.

The Board of Management (Verwaltungsrat) shall settle the form and wording oft the share certificates, provisional certificates and coupons and the nominal value of the shares.

issue. Where the rate is fixed at more than 10% above par, the assent of the Government of the Reich is required.

(7) Subject to the above provisions, the Government may call upon the Company to exercise its right of anticipatory redemption, provided that the Reich places the necessary funds at the disposal of the Company.

§ 5.

Division of proceeds from the sale of preference shares.

(1) One-fourth (1/4) of the total proceeds from the issue of the preference shares of group A shall be the property of the Reich and three-fourths (3/4) the property of the Company. Notwithstanding, the proceeds from individual issues may by agreement between the Government and the Company be divided differently, provided that the total shall be divided as set forth above.

(2) During the first two years after the commencement of the concession the Company shall sell preference shares to the nominal value of five hundred (500) million reichsmarks. The Government may claim that the whole of the proceeds of this sale be assigned to it.

§ 6.

Ordinary shares.

No change.

§ 7.

Form and wording of the certificates.

No change.

§ 8.

Reparation bonds.

(1) The Company shall, forthwith after its incorporation, issue without payment to the Trustee appointed by the Reparation Commission first mortgage bonds (Reparation Bonds) to a nominal amount of eleven (11) milliard marks gold. These bonds shall bear interest at the rate of five per cent (5 %) per annum, and shall be redeemed after the fourth year from the commencement of the Concession at the rate of one per cent (1 %) per annum plus the interest saved by redemption.

(2) The annual payments by the Company for the service of the bonds shall notwithstanding the provisions of the previous sub-clause be limited during the first three years after the commencement of the Concession as follows:—

a) For the first year to two hundred (200) million marks gold;
b) For the second year to five hundred and ninety-five (595) million marks gold;
c) For the third year to five hundred and fifty (550) million marks gold.

From and after the fourth year the annual payment of the Company for the service of the bonds shall be six hundred and sixty (660) million marks gold. For the purpose of such payments the year is to be taken as meaning a completed period of twelve (12) months. The aforesaid payments represent the total payments to be made by the Company for the service of the Reparation Bonds.

(3) The payments shall be made twice a year in equal instalments at the end of each half year in accordance with the Trustee's instructions, provided that in the case of the first payment it shall be calculated on the actual period of operation of the Company's Concession.

(4) The payments shall be made to the "New Bank" to the credit of the "Agent for Reparation Payments" for the account of the Trustee. The Trustee shall assure the due payment of the interest and sinking fund of the bonds by means of the funds to be remitted to him by the said Agent for the purpose.

(5) The Company shall in accordance with clause 25 make its payments out of the net operating income of the railways, having recourse in case of need to all its reserves.

§ 8.

Reparation bonds.

Omitted.

(6) The payments are further guaranteed by the Government of the Reich. For this purpose the Government may either place the funds necessary for the payment at the Company's disposal or may remit the payments directly to the "Agent for Reparation Payments" for account of the Trustee.

(7) Finally, in case of a failure to pay the interest and sinking fund at due date, the Trustee may present the accrued coupons or any bonds due for repayment to the Commissioner for Controlled Revenues appointed by the Reparation Commission, who is to pay them at their face value out of that portion of the proceeds of the assigned revenues which is returned to the Reich.

(8) Any sums which the Government or the Commissioner for Controlled Revenues may have paid under the Reich's guarantee shall be repaid by the Company to the Government after the necessary provision has been made for the current and the next coupons on the bonds and for the fixed dividend for the current year on the preference shares.

(9) The bonds shall bear the signatures of an authorised representative of the Company and of the Reichsschuldenverwaltung as the competent authority of the Reich.

(10) The form of the bonds and all conditions as to payment of their coupons and their redemption shall be settled by the Trustee with the approval of the Reparation Commission.

(11) The Government and the Company shall be entitled at any time with the consent of the Reparation Commission to pay to the Trustee sums additional to the above payments. The Commission shall ascertain from the "Transfer Committee" that the transfer of these additional sums will not disturb the transfer of the annual Reparation payments. Any sums so paid shall be applied first to the discharge of any interest in arrear and next, upon six (6) months' public notice, in redeeming at par all or any of the bonds for the time being outstanding.

(12) The Company may purchase the bonds on the bourse or otherwise.

(13) Should it be impossible for reasons outside the control of the Company to make payment to the bearers of certain bonds the necessary funds shall be paid into Court; this payment into Court shall operate in discharge of the Company as if the bonds had been paid off.

(14) The Trustee shall render a half-yearly report to the Reichsschuldenverwaltung and to the Company on the manner in which the sums paid for the interest and redemption of the bonds have been employed.

(15) The Reparation Commission shall be entitled, with a view to the mobilisation of the bonds, to have the same divided in any manner which it may think expedient, into different classes with different rights as to priority of charge, rate of interest or repayment of capital; provided that the total annual charge shall not be increased nor the period during which the payments are required to be made be thereby prolonged in respect either of the Government or of the Company.

§ 9.

Other bonds.

(1) Bonds other than those enumerated in § 8, or other loans secured on mortgages, shall not be issued by the Company save by virtue of a resolution of the Board of Management passed by a three-fourths (3/4) majority of the members voting of whom at least two (2) must be foreign members. Any such bonds so issued shall rank after the Reparation Bonds.

(2) No such bonds in issue beyond the total of 250 million marks gold shall be issued or made until preference shares to the nominal value of at least two (2) milliard marks gold shall have been issued.

§ 10.

Organisation of the Company.

The Board of Management (Verwaltungsrat) and the Directorate (Vorstand) shall have authority to represent the Company and to act in its name, subject to the provisions of the Law and of the Constitution.

§ 11.

Board of Management.

(1) The Board of Management shall consist of eighteen (18) members.

(2) Nine (9) of the members of the Board shall be appointed by the Government of the Reich and nine (9) by the Trustee as representing the Re-

(14) The Trustee shall render a halfyearly report to the Reichsschuldenverwaltung and to the Company on the manner in which the sums paid for the interest and redemption of the bonds have been employed.

(15) The Reparation Commission shall be entitled, with a view to the mobilisation of the bonds, to have the same divided in any manner which it may think expedient, into different classes with different rights as to priority of charge, rate of interest or repayment of capital, provided that the total annual charge shall not be increased nor the period during which the payments are required to be made be thereby prolonged in respect either of the Government or of the Company.

§ 9.

Other bonds.

(1) Bonds other than those enumerated in § 8, or other loans secured on mortgage, shall not be issued by the Company save by virtue of a resolution of the Board of Management passed by a threefourths ($^3/_4$) majority of the members voting, of whom at least two (2) must be foreign members. Any such bonds or loans shall rank after the Reparations Bonds.

(2) No such bonds or loans beyond the total of 250 million marks gold shall be issued or made until preference shares to the nominal value of at least one (1) milliard marks gold shall have been issued.

§ 10.

Organisation of the Company.

The Board of Management (Verwaltungsrat) and the Directorate (Vorstand) shall have authority to represent the Company and to act in its name, subject to the provisions of the Law and of this Concessions.

§ 11.

Board of Management.

(1) The Board of Management shall consist of eighteen (18) members.

(2) Half the members of the Board (9) shall be appointed by the Government of the Reich and half (9) by the Trustee as repressenting the Re-

§ 9.

Other bonds.

Omitted.

§ 10.

Organisation of the Company.

No change.

§ 11.

Board of Management.

(1) The Board of Management shall consist of eighteen (18) members, who must be of German nationality.

(2) [—formerly (2) and (3)—]. The members of the Board shall be appointed by the Government of the Reich. If preference shares of group A have

parations Bondholders. Of the members to be appointed by the Trustee five (5) may be of German nationality. So soon as all the Reparation Bonds have been redeemed, the members till then appointed by the Trustee shall be appointed by the Government.

(3) Four (4) of the seats on the Board filled by appointees of the Government shall at a later stage be assigned to the holders of preference shares in such manner that for each five hundred (500) million preference shares issued, one representative of such shares shall be entitled to a seat on the Board. Representatives of the holders of preference shares must be German nationality.

(4) As soon as the appointment of a representative of the preference shares is reported to the Government it shall cancel the appointment of one of the members which it has appointed. Conversely, when and as preference shares are redeemed, the seats on the Board assigned to their representatives shall be vacated, and the appointment of their successors shall revert to the Government.

(5) The Board shall determine the manner in which the representatives of the preference shares are to be chosen.

§ 12.

Qualifications of the members of the Board.

(1) The members of the Board must be business men of experience or railway experts. They shall not be members of the Reichstag or of the Parliament of any of the German States, or of the Government of the Reich or of the Governments of any of the German States.

(2) They shall observe absolute discretion regarding the Company's affairs.

§ 13.

Replacement of members of the Board.

(1) At the end of each period of two financial years three members of each of the two groups, consisting in the one case of the members appointed by the Government and the representatives of preference shares, and in the other case of the representatives of the Trustee, shall retire from the Board. At the outset, the members to retire at the

been issued, four (4) of the eighteen (18) seats on the Board shall be assigned to the holders of preference shares in such a manner that for each five hundred (500) million reichsmarks of shares issued, one representative of such shares shall be entitled to a seat on the Board.

(3) [—formerly (4)—]. No change.

(4) [—formerly (5)—]. No change.

§ 12.

Qualifications of the members of the Board.

No change.

§ 13.

Replacement of members of the Board.

(1) As from December 31, 1930, six members of the Board shall retire each year; subsequently each member shall remain in office for three years. A retiring member shall be eligible for re-election. The appointment of new members or re-appointment of retiring members must take place before the beginning of the following financial year.

end of two years and at the end of four years shall be chosen by lot; subsequently each member shall remain in office for six years. A retiring member shall be eligible for re-election

(2) Members of the Board may at any time notify their intention to resign in writing. A member losing the right to hold public office or who is declared bankrupt shall cease ipso facto to be a member of the Board.

(3) If any member ceases to hold office otherwise than by rotation, his successor shall be appointed within three months and shall continue in office for the remainder of the term of the member whom he replaces.

§ 14.

President of the Board of Management.

(1) The President of the Board of Management must be of German nationality. He shall be elected each year at the beginning of the financial year by a three-fourths ($^3/_4$) majority of the members of the Board voting. He shall be eligible for re-election. When the holders of preference shares are represented by three members on the Board, the President shall be chosen from amongst their number.

Transitional provision.

The term of office of the present members of the Board of Management shall expire:

on December 31, 1930, in the case of members due in any event to retire on that date under the provisions hitherto in force,

on December 31, 1931, in the case of members due to retire on December 31, 1932, under the provisions hitherto in force,

on December 31, 1932, in the case of members due to retire on December 31, 1934, under the provisions hitherto in force.

Their successors will be appointed for three (3) years.

In deviation from this provision, the four (4) foreign members retire upon the coming into force of the present Law. Their successors will be appointed at the same date by the Government of the Reich for the remainder only of the term of office of the foreign members, which term of office in conformity with the above regulation ends on December 31 of the years 1930, 1931 or 1932.

(2) and (3). No change.

§ 14.

President of the Board of Management.

(1) The Board of Management shall elect a President each year at the beginning of the financial year. He shall be eligible for re-election. The election requires confirmation by the President of the Reich. When the holders of preference shares of group A are represented by three (3) members on the Board, the President shall be chosen from amongst their number.

(2) The Board shall each year elect one or two Vice-Presidents by a simple majority of the members voting; they shall be eligible for reelection.

§ 15.

Functions of the Board of Management.

(1) The Board of Management shall control the management of the Company and shall decide on all questions of importance, or of principle, or of general application, and more especially on such questions and matters as are set out below:

The appointment of the Director General and of the superior officers on the recommendation of the Director General;
The budget proposals;
The balance sheet and the profit and loss account;
The distribution of profits;
The application of the liquid resources of the Company;
The authority to pledge the credit of the Company to obtain credit or loans;
The general regulation of salaries and wages;
The approval of any expenditure on capital account beyond such limit as may be fixed by the Board.

(2) Any proposal or matter which requires the approval of the Government shall be reported to the Board.

(3) The Board represents the Company in relation to the Members of the Directorate (Vorstand).

§ 16.

Meetings of the Board of Management.

(1) The Board shall hold ordinary meetings at least every two (2) months. It shall hold an extraordinary meeting whenever at least six (6) members or the President shall so require in writing.

(2) Should a member not be able to attend a meeting of the Board, he may empower one of his collegeagues by registered letter or by telegram to vote for him and on his behalf.

(3) Eight (8) members shall constitute a quorum.

(2) The Board shall each year elect one or two Vice-Presidents, who shall be eligible for re-election.

§ 15.

Functions of the Board of Management.

(1) The Board of Management shall control the management of the Company and shall decide on all questions of importance, or of principle, or of general application, and more especially on such questions and matters as are set out below:

The appointment of the Director General and of the superior officers on the recommendation of the Director General;

The budget proposals;

The balance sheet and the profit and loss account;

The distribution of profits;

The application of the liquid resources of the Company;

The authority to take up loans and credits at the charge of the Company, and to give mortgage security for the same;

The approval of any expenditure on capital account beyond such limit as may be fixed by the Board;

The approval of the general regulations governing the legal status and conditions of service and of pay of the employees, including the general regulation of salaries and wages.

(2) and (3). No change.

§ 16.

Meetings of the Board of Management.

(1) The Board shall hold ordinary meetings at least every two (2) months. It shall hold an extraordinary meeting whenever at least six (6) members, or the President, or the Government of the Reich, shall so require in writing.

(2) and (3). No change.

(4) Decisions shall be taken by a simple majority of members voting except in the cases provided for in the Law and the Company's Concession. The President shall have a casting vote.

§ 17.

Permanent Committee.

(1) The Board of Management may delegate its powers, so far as it thinks fit, to a Permanent Committee consisting of six (6) members, three (3) from each group (see Clause 13), one (1) of whom at least shall be a member of foreign nationality and one (1) shall be chosen from the representatives of the preference shareholders, if they so require.

(2) The Board may also appoint other Committees from amongst its members.

(3) It shall fix its own rules for the conduct of business, as also rules for the conduct of business by the Permanent Committee and other Committees.

§ 18.

Remuneration of members of the Board.

Members of the Board shall be entitled to travel free on the lines of the Company; they shall be entitled to have their travelling expenses reimbursed and to such reasonable remuneration as may be determined by the Board.

§ 19.

Directorate (Vorstand) of the Company.

(1) The Directorate (Vorstand) shall manage the Company's affairs subject to the control of the Board.

(2) The Directorate shall consist of the Director General and one or more Directors, who must be of German nationality. They may not be members of the Board.

(4) Decisions shall be taken by a simple majority of members voting. The President shall have a casting vote.

(5) The Government of the Reich may appoint one permanent representative who is entitled to take part without vote in the meetings of the Board of Management and of its committees. If he is prevented from attending, his permanent deputy may take part in the meetings. The representative of the Reich and his deputy shall be appointed at the beginning of each financial year.

§ 17.

Permanent Committee.

(1) The Board of Management may delegate its powers, so far as it thinks fit, to a Permanent Committee consisting of six (6) members. One (1) of the members shall be chosen from the representatives of the preference shareholders of group A, if they so require.

(2) and (3). No change.

§ 18.

Remuneration of members of the Board.

No change.

§ 19.

Directorate (Vorstand) of the Company.

(1) and (2). No change.

(3) The Director General shall be appointed by the Board for a period of three (3) years by a three-fourths ($^3/_4$) majority of the members voting; he shall be eligible for re-election by the same majority. The Directors shall be appointed by the Board on the recommendation of the Director General.

(4) The appointment of the Director General and of the Directors shall be confirmed by the President of the Reich.

(5) The Board may at any time remove the Director General by a three-fourths ($^3/_4$) majority of the members voting. The removal of the Director General shall not affect the rights to salary and allowances which he may possess under his contract of appointment.

§ 20.

Functions of the Directorate.

(1) The Director General is responsible for the management of the Company's affairs.

(2) The functions of the Director General and the Directors shall be determined by the Company's Staff Regulations as approved by the Board.

(3) In the discharge of their functions, the Director General and the Directors shall exercise such care as is required from a good man of business; they shall be responsible to the Company for any breach of their duties.

(4) The Director General shall furnish the Board month by month with full information as to the financial situation of the Company and the condition of the undertaking.

(5) The Director General and the Directors may not be engaged in any other profession or occupation except with the approval of the Board.

§ 21.

Railway Commissioner.

(1) There shall be appointed a Railway Commissioner to protect the rights of the Reparation Bonds. He shall be a person accepted in the railway world as being in the front rank. He shall be elected for a period of three (3) years by a simple majority, by the foreign members of the Board, and shall be eligible for re-election.

(3) The Director General shall be appointed for a period of three (3) years by the Board of Management, which shall first get into touch with the Government of the Reich; he shall be eligible for re-appointment. The Directors shall be appointed by the Board on the recommendation of the Director General.

(4) No change.

(5) The Board may at any time remove the Director General. The removal of the Director General shall not affect the rights to salary and allowances which he may possess under his contract of appointment.

(6) Where the Government of the Reich is of opinion that the Director General has violated the Company's statutes, it may require the Board of Management to take a decision on the discharge of the Director General.

§ 20.

Functions of the Directorate.

No change.

§ 21.

Railway Commissioner.

Omitted.

(2) The Commissioner's functions, as also those of the Trustee as far as the Company is concerned, shall terminate as soon as the whole of the Reparation Bonds have been paid off or redeemed.

§ 22.

Functions of the Commissioner.

(1) The Commissioner may take part in the meetings of the Board, of the Permanent Committee and of other Committees of the Board without however having the right to vote.

(2) He shall have a general right of inspection over the whole railway system and all the Company's works and offices.

(3) There shall be communicated to him all reports, statistical and financial returns, proposals for extra—routine expenditure—whether on capital or revenue account—for changes in tariffs or for the concession of exceptional rates, and other matters which require the approval of the Director General.

(4) The Commissioner shall further be entitled at any moment to call for any other reports, returns or statistics which he may consider necessary in order to enable him to form an independent opinion.

(5) All this information shall be furnished to him promptly, fully and accurately.

(6) If any measure in connection with construction, operation or tariffs tends substantially to menace the rights or interest of the holders of the Reparation Bonds or of the Reparation Commission and in particular to endanger the payment of such bonds at their due dates (Clause 8, subclauses 2 and 3), the Commissioner shall discuss the question with the Director General. If he is unable to persuade the latter to change his course of conduct he must lay the question before the Board of Management which will take thereupon such action as it may think fit. Its action in such case shall be final.

(7) The Commissioner may call upon the Board to remove the Director General for violation of the Concession (Satzung) or for failure to comply with the instructions of the Board. In any such case a simple majority of the members voting shall be sufficient to carry a resolution for removal.

(8) The Commissioner and his staff shall observe absolute discretion regarding the Company's affairs.

§ 22.

Functions of the Commissioner.

Omitted.

§ 23.

Staff and Expenses of the Commissioner's Office.

(1) The Commissioner shall be assisted in his duties by such staff as he considers necessary. He may exercise the rights conferred upon him either in person or by his authorised agents. The Company shall supply suitable premises and furniture for the offices of the Commissioner and his staff. The Commissioner shall be entitled to free transit over the Company's railways for himself and also for his staff to the extent to which he may consider proper.

(2) The Company shall in each year pay to the Commissioner as its total contribution to the expenses of the Commissioner and his staff, a lump-sum to be fixed by agreement between the Organisation Committee and the Commissioner subject to the approval of the Reparation Commission.

§ 24.

Exceptional powers of the Commissioner.

(1) In case of failure by the Company to make the half-yearly payments prescribed in Clause 8, sub-clause (2), the Commissioner shall be entitled to issue orders, whether to stop the expenditure which he considers unjustifiable or to increase the tariffs to the level which he considers reasonable. He may also require that the Director General be removed, and the Board shall thereupon comply with this requirement.

(2) So soon as the deficit has been made good and the payment of the next coupon ensured, these exceptional powers of the Commissioner shall come to an end.

(3) If it is impossible to make good the deficit within a period of six (6) months after the default in payment, whether by means of the payments by the Company or by the other methods prescribed in Clause 8, the Commissioner may in agreement with the Trustee take such other action as they may consider necessary. He may take into his own hands the operation of the railways, and may sell such rolling stock and other property, whether movable or immovable, as is not necessary for the operation of the railways.

(4) In the last resort the Commissioner may lease the railway concession in whole or in part, but this latter power shall only be exercised after a

§ 23.

Staff and Expenses of the Commissioner's Office.

Omitted.

§ 24.

Exceptional powers of the Commissioner.

Omitted.

decision has been given by the Arbitrator provided for in Section 45 of the Law, that the action contemplated is necessary and of a nature to ensure the service of the Reparation Bonds.

(5) In so far as the Commissioner assumes responsibility for the operation of the railways he shall be subject to the provisions of the laws.

§ 25.

Financial management of the Company.

(1) At the close of each financial year the Company shall draw up a Balance Sheet and Profit and Loss Account.

(2) The net operating income after covering the operating expenses shall be applied as follows:

1. In the first place, to the service of the interest and sinking fund of the Reparation Bonds.
2. In the second place, to the service of the interest and sinking fund of other bonds or loans which may be issued in accordance with Clause 9.

§ 25.

Financial management of the Company.

(1) At the close of each financial year the Company shall draw up a Balance Sheet and Profit and Loss Account.

(2) The net operating income, after paying the reparation tax and covering the operating payments out of operating receipts in accordance with the provisions of § 4 of the Law, shall be applied as follows:

1. In the first place provision shall be made for the service of interest on the bonds and loans of the Company and for the sums requiring to be written off.
2. As cover for any operating deficit of the Company and as security for the prompt payment of the reparation tax and the prompt settlement of the interest and amortisation payments on the bonds and loans of the Company, a reserve (adjustments reserve) shall then be established. Two per cent (2 %) of the gross receipts from the operation of the railways shall be paid into this reserve fund each year, until it amounts to the maximum total of four hundred and fifty million (450,000,000) reichsmarks.

   When the adjustments reserve has reached the aforementioned maximum amount, a further reserve (dividend reserve) shall immediately be formed as security for the payment of the preference dividend on the preference shares. One per cent (1 %) of the gross receipts from the operation of the railways shall be carried to this fund, until it amounts to the maximum total of fifty million (50,000,000) reichsmarks. Appropriations from the net operating income to the adjustments and dividend reserves may not however in any one financial year together exceed two per cent (2 %) of the gross operating receipts. The provisions of § 4, paragraph 2, sentence 1 of the Law applies to the dividend reserve as well as to all other reserves.

3. Thirdly, there shall be established immediately a reserve fund to meet any falling off which may occur in the Company's operating income and to ensure the regular payment of the interest and sinking fund on its bonds. At least two per cent (2%) of the gross receipts from the operation of the railways shall be paid into this reserve fund until it amounts to the maximum total of five hundred million (500,000,000) marks gold. Should it be necessary to have recourse to the reserve after this maximum total has been reached, the annual payments shall be resumed till the reserve is fully re-established.

4. In the fourth place, the net profits remaining after the foregoing payments out of the operating income have been made shall be employed as in the following order:
   (a) In the first place, arrears of dividend on the preference shares, if any, shall be paid in full;
   (b) In the second place, the current dividend on the preference shares shall be paid;
   (c) The Board shall decide on the employment of the remainder of the net profits in accordance with the following principles:

If sums have to be withdrawn from the reserves after the maximum amounts have been reached, the annual appropriations for their replenishment shall immediately be resumed in conformity with the above provisions.

(3) The net profits remaining after the foregoing payments out of the operating income have been made shall be employed in the following order:

1. **Arrears of dividend on the preference shares of group A, if any, shall first be paid in full. The current dividend on the said shares shall then be paid.**
2. **Arrears of dividend on the preference shares of group B, if any, shall first be paid in full. The current dividend on the said shares shall then be paid.**
3. **Any sums which the Government of the Reich may have paid under § 4, paragraph 4 of the Law with a view to guaranteeing the reparation tax shall be refunded to it.**
4. **The Board, acting in agreement with the Government of the Reich, shall decide on the employment of the remainder of the net profits in accordance with the following principles:**

   In the first place at least twenty-five per cent (25%) of the remainder, not including the balance brought forward from the previous year, shall be carried to the dividend reserve, up to an amount not exceeding one hundred million (100,000,000) reichsmarks. If sums have to be withdrawn from the dividend reserve after the maximum limit has been reached, appropriations for its replenishment shall be resumed in conformity with the above provisions.

Special reserves for extraordinary expenditure may be established. A special preference share redemption reserve shall be established as from the year 1935 and may be established at an earlier date. No reserve shall be established for the redemption of the ordinary shares.

If the Company decides to distribute any remaining profits they shall be applied: as to one-third (1/3) as a supplementary dividend for the preference shares, and as to two-thirds (2/3) as a dividend on the ordinary shares.

Provided, however, that if preference shares are not outstanding to the full amount of two milliard (2,000,000,000) marks gold, such portion of the remaining profit as would have belonged to those preference shares which are not outstanding shall belong to the ordinary shares.

Special reserves may also be established. A special preference share redemption reserve shall be established as from the year 1935. It may be established at an earlier date. No reserve shall be established for the redemption of the ordinary shares.

If the Board decides to distribute any remaining profits, they shall be applied: as to one-third ($^1/_3$) as a supplementary dividend for the preference shares of group A, and as to two-thirds ($^2/_3$) as a dividend on the ordinary shares.

Provided, however, that if preference shares of group A are not outstanding to the full amount of two milliard (2,000,000,000) reichsmarks, such portion of the remaining profit as would have belonged to those preference shares which are not outstanding shall belong to the ordinary shares.

(4) From the reserve constituted under § 25, paragraph 2, sub-paragraph 3 of the Company's Statutes appended to the Railway Law of August 30, 1924, four hundred and fifty million (450,000,000) reichsmarks shall be carried to the adjustments reserve. Any balance then remaining shall be transferred to the dividend reserve.

§ 26.

Special provisions for series I to V of preference shares, Group A.

For the preference shares of group A, series I to V, the following provisions apply:

1. The preference shares are expressed in gold marks. Preference and supplementary dividends together with the redemption amount of the preference shares are payable in gold marks or their equivalent in reichsmarks. One gold mark within the meaning of the present provision shall be equal in value to $^1/_{2790}$ kilograms of fine gold. This value shall be calculated on the price for gold in London officially notified on the third working day before the acceptance of the balance sheet by the Board of Management, and on the mean rate for telegraphic transfers on London officially quoted on that day on the Berlin Bourse. In cases where on the third working day before the acceptance of the balance sheet no official price for gold is published, the calculation shall be based on the last London

Special reserves may also be established. A special [illegible] reserve [illegible] shall be established as from the year 1937 [illegible] to be [illegible] at [illegible] of [illegible] which be established for [illegible] and the preference dividends.

(c) If the Board decides to distribute such part of the balance, this shall be applied as to [illegible] for the preference shares of group A, and as to two thirds (2/3) for the ordinary shares.

Provided, however, that if the preference dividends of group A are not corresponding to the [illegible] amount of [illegible] of the [illegible], the remaining profit [illegible] shall belong to the ordinary shares.

(d) From the reserve constituted under § 14, paragraph 2, sub-paragraph 3 of the Company's Statutes appended to the Railway Law of August 30, 1924, four hundred and fifty million (450,000,000) reichsmarks shall be carried to the adjustment reserve. Any balance then remaining shall be transferred to the dividend reserve.

§ 16.

Special provisions for series I to V of preference shares, Group A.

For the preference shares of group A, series I to V the following provisions apply:

1. The preference shares are expressed in gold marks. Preference and supplementary dividends together with the redemption amount of the preference shares are payable in gold marks or their equivalent in reichsmarks. The gold mark within the meaning of the present provision shall be equal in value to 1/2790 kg. of fine gold. This value shall be calculated on the basis of the price of gold in London officially established on the third working day before the acceptance of the balance sheet by the Board of Management, and on the rate for telegraphic transfers on London officially quoted on that day on the Berlin Bourse. In cases where on the third working day before the acceptance of the balance sheet no official price for gold is published, the calculation shall be based on the last London

price for gold officially notified before that day. If the price per kilogram of fine gold works out at not more than 2,820 and not less than 2,760 reichsmarks, one reichsmark in legal tender shall be paid for each gold mark owed.

In respect of the dividend on each preference share of series IV and V of group A an instalment in reichsmarks will be paid on January 2 of each year, in conformity with the terms of issue.

Upon the redemption of preference shares which have been called in, gold marks will be converted into reichsmarks in the manner provided for the dividend payments, the calculation being based on the quotations of the third working day before redemption.

2. The preference shares may not be redeemed in whole or in part until the commencement of the sixteenth year from the date of issue. Notwithstanding, if the liability of the Company to pay the reparation tax lapses at an earlier date, the Company shall be at liberty to redeem the preference shares from the date on which the said liability lapses.
3. The redemption rate of the preference shares together with current dividends and dividend arrears shall be determined as follows: upon redemption before the expiration of the twenty-fifth (25) year from the transfer of the concession to the Company, the redemption rate shall be twenty per cent (20°/₀) above par, upon redemption from the twenty-sixth (26) to the thirty-fifth (35) year inclusive it shall be ten per cent (10°/₀) above par. After the thirty-fifth (35) year redemption will take place at par.
4. The preference shares carry a claim to repayment of the capital by December 31, 1964, at the latest.

Annex II
to the Law concerning the German Railway Company

A. Under § 19 paragraph (3) of the Law the Company may apply the working hours of officials to employees and workers in the following branches of the service:

I. Permanent way inspection service.

1. Gatekeepers (men and women).
2. Flagmen.
3. Other staff engaged in permanent way inspection.

II. Service of block signalmen on the open line.

III. Station service.

1. Administrative staff (including heads of departments).
2. Accountants and clerks.
3. Circulation of trains and inspection service within the meaning of § 9 of the Fahrdienstvorschriften (train service regulations).
4. Transmission of telegraph and telephone messages.
5. Points in signal cabins or operated by hand.
6. Shunting.
7. Ticket collectors (including officials supplying information to the public).
8. Watchmen and messengers.
9. Other station services, where the staff in question is partly employed in other branches indicated under A.

IV. Cash and despatch service.

unless otherwise provided under B section VI.

1. Administrative staff (including heads of departments).
2. Accountants, clerks and cashiers.
3. Ticket offices (including enquiry offices).
4. Despatch of luggage and express goods.
5. Despatch of goods by fast or slow train and of livestock.
6. Reception, delivery and loading of luggage and goods.
7. Railway cars service and service for the despatch of trains.
8. Watchmen and messengers.
9. Other staff employed in the cash and despatch service.

V. Staff accompanying passenger and goods trains.

VI. Traction service.

1. Inspection staff.
2. Accountants and clerks.
3. Staff of locomotives and self-propelling vehicles.

VII. Shipping in inland and coastal waters, not including chain tugs on the Main.

1. Deck staff.
2. Engine-room staff.
3. Dock staff.
4. Other staff.

VIII. Office staff of the Central Administration, the Reichsbahn districts and the inspection departments.

B. The Company is not authorised to apply the working hours of officials to employees and workers in the following branches:

I. Upkeep of permanent way and telegraph lines, storehouses for superstructure materials, station and other buildings, stone quarries, ballast works, gravel pits, timber impregnation works, horticulture, forestry and agriculture.

II. Reichsbahn repair shops and exploitations run in connection therewith, such as power stations, gas-works and laboratories.

III. Telegraph workshops.

IV. Laundries.

V. Workshops of the railway depôts.

VI. Staff employed exclusively as warehouse workers on warehouse platforms or in transhipping sheds where more than 25 of such workers are usually employed.

in the Law concerning the German Railway Company

A. Under § 11 paragraph (2) of the Law [illegible]

[illegible]

REPORT

OF THE

COMMISSIONER

OF

CONTROLLED REVENUES

May 17. 1930.

BERLIN

Report of the Commissioner of Controlled Revenues.

September 1, 1929, to May 17, 1930.

I.

Annex III to the Hague Protocol of August 31, 1929, provided that subject to the new Plan being ultimately put into force the Creditor Powers would claim, as from September 1 last, only the amount which would be due to them under the new distribution, but that during the transitional period the German Government should continue to make the payments provided for in the Dawes Plan. The control of the assigned revenues has, therefore, been maintained during the period covered by this report and in each of the seven months from September 1929 to March 1930 a sum of 104¹/₆ million gold marks has been retained from the proceeds of the revenues and handed over to the Agent General, the surplus of receipts in each month being transferred to the German Government as it accrued.

Somewhat smaller sums, viz. 96,120,710.63 reichsmarks and 95,292,870.29 reichsmarks, were retained and paid to the Agent General during the months of April and May respectively. The difference is explained by the fact that, having ratified the new Plan in the month of March, Germany became entitled in accordance with an agreement reached at the second Hague conference to pay only the amounts due under that Plan. The sums paid from the controlled revenues in the months mentioned represent the amounts which were necessary, after taking into account the funds received by the Agent General from the Railway, to make up the new monthly instalments.

A statement of the income and expenditure of the reserve fund for the period covered by this report and a balance sheet as at the final date are annexed hereto. Towards the end of the period covered by this report, in view of the fact that the fund was shortly to be extinguished, the proceeds of investments available from maturing securities have either been left in cash or reinvested exclusively in short date Treasury bills. The cash and securities belonging to the fund have, by letter of today's date, been formally transferred to the German Finance Ministry.

II.

Under the new Plan, while the assigned revenues (with the exception of the sugar tax) continue to furnish a collateral guarantee for the payment of Germany's liabilities, all control of these revenues disappears and the German Government regains complete freedom in the handling of them, subject only to such restrictions as are involved in the continued pledge of the revenues originally assigned under the Dawes Plan to the service of the German External Loan of 1924; the protocol which has governed the control of the revenues during the currency of the Dawes Plan formally ceases to have effect under the agreement reached at the second Hague conference as from the coming into force of the new Plan. The yield of the revenues—subject to the proviso under the new Plan that the revenues assigned must cover 150 per cent of the highest budgetary contribution payable under the new Plan—as well as any changes in rates, cease to be of direct interest to the Creditor Powers. Nevertheless, for the sake of completeness, details of the yield of the revenues from September to March last, that is until the conclusion of the German fiscal year 1929-30, are given below.

	1929				1930			Total
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
	In thousands of Reichsmarks							
Customs	66,205	72,497	65,135	79,648	188,064	71,472	74,925	617,946
Tobacco	78,194	77,242	76,644	79,910	75,790	84,192	78,780	550,752
Beer.........	43,807	43,542	38,276	33,350	30,480	32,735	30,871	253,061
Alcohol	17,077	16,106	16,909	20,048	20,208	19,348	22,227	131,923
Sugar.......	19,723	16,186	13,260	14,664	14,038	12,089	10,389	100,349
Total	225,006	225,573	210,224	227,620	328,580	219,836	217,192	1,654,031

The total of 1,654,031,000 reichsmarks shown above compares with 1,672,337,000 for the corresponding period a year earlier.

The yield for the fiscal year amounted to 2,851,882,000 reichsmarks (provisional figure) as compared with an original estimate of 2,970,000,000 reichsmarks and a total of 2,827,205,000 reichsmarks in 1928-29.

Signed: ANDREW McFADYEAN.

The Commissioner of Controlled Revenues

Reserve Fund accumulated in accordance with Chapter III of Annex I to the Agreement of August 9, 1924, between the Reparation Commission and the German Government.

Income and Expenditure Account for the period September 1, 1929, to May 17, 1930.

(Expressed in Reichsmarks)

Expenditure		Income			
Amount required to retain the Reserve Fund at the Reichsmark equivalent of G.M. 100,000,000.— at the fine gold rate of May 17, 1930	34,300.—	Interest earned on Investments		4,655,787.49	
		Less:			
		Tax (Kapitalertragsteuer)	130,927.22		
Amount applicable to the German Government in respect of interest earned on Investments (less taxes and expenses) after completion of the Reserve Fund	4,476,854.63	Expenses of purchase of Investments	11,943.14		
		Charges for safe custody of Investments	1,762.50	144,632.86	4,511,154.63
	4,511,154.63				4,511,154.63

Balance Sheet as at May 17, 1930.

(Before the transfer of the Reserve Fund to the German Government on this date, in accordance with the provisions of the Hague Agreement of January 20, 1930.)

(Expressed in Reichsmarks)

Assets			Liabilities		
Investments			**Reserve Fund** accumulated in accordance with Chapter III of Annex I to the Agreement of August 9, 1924, between the Reparation Commission and the German Government, as at August 31, 1929	99,679,200.—	
Mortgage Bonds at cost, maturing 1930 and 1931	26,200,000.—				
Treasury Bills maturing in May and August 1930. Nominal value R.M. 26,620,000.— cost	26,350,902.57	52,550,902.57	Add:		
Cash at Bank		47,949,097.43	Amount required to retain the Reserve Fund at the Reichsmark equivalent of G.M. 100,000,000.— at the fine gold rate of May 17, 1930	34,300.—	99,713,500.—
Interest accrued less tax thereon		598,253.09	**Due to the German Government**		1,384,753.09
		101,098,253.09			101,098,253.09

We have audited the Books and Accounts of the Reserve Fund of the Commissioner of Controlled Revenues for the period September 1, 1929, to May 17, 1930, and certify that the above Balance Sheet and relative Income and Expenditure Account are correctly prepared therefrom and properly set out the financial position of the Fund at May 17, 1930, and the Income and Expenditure during the period ended that date.

Berlin May 17, 1930.

PRICE WATERHOUSE & Co.

REPORT

OF THE

TRUSTEE

FOR

GERMAN INDUSTRIAL DEBENTURES

June 17, 1930

BERLIN

Table of contents

Pages

Introduction 273

I.

Decrees promulgated by the German Government 274

Payment of the Annuity 274

Cases of bankruptcy and voluntary liquidation 275

Limitation, distribution or removal of the public law mortgage ... 275

II.

Bank für deutsche Industrie-Obligationen: Balance sheet on December 31, 1929—Statement of accounts on May 17, 1930 276

III.

Loans issued by concerns subject to the industrial charge 280

Movement towards concentration 281

Financial results obtained by industrial undertakings 281

IV.

Movement of industrial production since September 1, 1924 282

V.

Liquidation operations 289

Table of contents

Page

Introduction 273

I.

Decrees promulgated by the German Government 274

Payment of the Annuity 274

Cases of bankruptcy and voluntary liquidation 275

Limitation, distribution or removal of the public-law mortgages 275

II.

Bank für deutsche Industrie-Obligationen. Balance sheet on December 31, 1929—Statement of accounts on May 17, 1930 276

III.

Loans issued by concerns subject to the industrial charge 280

Movement towards concentration 280

Financial results obtained by industrial undertakings 281

IV

Movement of industrial production since September 1, 1924 283

V.

Liquidation operations 286

Report of the Trustee for German Industrial Debentures.

(September 1, 1929 — May 17, 1930)

As stated in the Report of November 15, 1929, the Committee of Experts entrusted by the German, Belgian, British, French, Italian and Japanese Governments with the task of proposing a complete and definitive settlement of the reparation question recommended, in its Report of June 7, 1929, that the charge imposed upon German industry should be abolished.

The above-mentioned Governments met at The Hague Conference and on August 31, 1929 unanimously adopted in principle the conclusions of the Committee of Experts. On the same date they made all the necessary arrangements for the measures in execution of the new settlement to be examined and prepared by commissions *ad hoc,* in order that they might be submitted to the Governments upon the occasion of a second Conference. The second Conference met at The Hague from January 3 to 20, 1930. In the course of several meetings it examined the Reports of the commissions and made final arrangements for the application of the new Plan. These arrangements are embodied in The Hague Agreement of January 20, 1930.

In regard to the industrial charge, Annex II to the Agreement provides that the Small Special Committee (to which reference is made in Annex V to the Experts' Report of June 7, 1929) consisting of two members of the Organisation Comittee of the Bank for International Settlements and of representatives of the German Government, the Agent General and the Reparation Commission shall arrange for the destruction of the German industrial debentures (individual debentures) and of the bonds of the Bank für deutsche Industrie-Obligationen (industrial bonds).

The Hague Agreements of January 20, 1930 were approved by the Reichstag on March 12 and countersigned by the President of the Reich the following day; they were then ratified by Belgium, France, Great Britain and Italy and came into force on May 17, 1930, on which date the Reparation Commission and the President of the *Kriegslastenkommission* made the report for which provision is made in the Final Clause of The Hague Agreement.

The present Report, which is the last, is primarily designed to give an account of the administration of the industrial charge and of the activity of the Bank für deutsche Industrie-Obligationen, while at the same time supplying the customary information of an economic nature from August 31, 1929, the closing date for the information given in the Report of November 15, 1929; in the second place it describes the operations effected in application of the measures for the cancellation of the reparation industrial bonds, for which provision is made in The Hague Agreement of January 20, 1930.

I.

Decrees promulgated by the German Government. During the period of transition from the termination of the application of the Experts' Plan of April 9, 1924 (Dawes Plan) and the coming into force of the New Plan of June 7, 1929 (Young Plan), the Industrial Charges Law *(Industriebelastungsgesetz)* and the Law for the Production of the Industrial Charge *(Aufbringungsgesetz)* remained in force as before, so that the German Government, the Trustee and the Bank continued to take the measures within their competence for the application of the provisions of those Laws. Accordingly the Government of the Reich promulgated a new decree in execution of the Aufbringungsgesetz—the *thirteenth* (Reichsgesetzblatt of January 17, 1930, Part II, No. 2, pages 14 and 15)—with the object of regulating the collection of the annuity payable by concerns subject to the charge in the course of the calendar year 1930.

The provisions of this decree in general repeat, *mutatis mutandis,* those of the decrees relating to the payment of previous annuities. The decree indicates in particular the regulations to be observed for the submission of statements as to property by the public concerns subject to the charge and gives particulars of the basis of assessment; the basis in question is the unit value determined for the *Betriebsvermögen* (business capital) in the case of the property tax for 1929—that is, the value on January 1, 1929.

The amount of the annuity payable by each concern for 1930 is 6.5 per mille of the respective *Betriebsvermögen.* This rate is somewhat lower than that applied in 1929 (6.75 per mille).

The decree only fixes the date of payment for the first half of the annuity and states that the payments in question must be made by the concerns before February 20, 1930. It retains in force the other provisions of a general nature of previous decrees.

Payment of the Annuity. The first half-yearly payment of the sixth annuity under the Dawes Plan fell due on April 1, 1930. The Bank, in virtue of the provisions of the thirteenth decree analysed above, collected the 150 million gold marks required in order to meet this payment. As however, before this date, the German Government had for its part ratified The Hague Agreements of January 20, 1930, the measures of transition forming part of those Agreements came into force. Under the provisions in question the payments of Germany on reparation account are restricted to the amount provided by the Experts' Plan of June 7, 1929, on the understanding that, failing ratification by the creditor Powers, all sums unpaid would subsequently be produced by Germany.

Under these circumstances, the semi-annual payment of 150 million gold marks (123,750,000 gold marks in respect of interest and

26,250,000 gold marks in respect of the amortisation of the 5 per cent industrial bonds) remained on April 1 on deposit with the Bank, which assumed responsibility for its administration. In conformity however with the provisions of The Hague Agreements which came into force on May 17, 1930, the Industrial Charges Law is considered to have been abrogated as from September 1, 1929, no payment being due to the Trustee under the Law as from that date. The sum of 150 millions thus remained in the hands of the Bank. In virtue of a law which the German Government presented to the Reichstag and which was voted on April 3 (Reichsgesetzblatt of April 8, 1930, Part II, No. 11, page 679) the sum in question was transferred to the budget of the Reich after the coming into force of the New Plan.

Cases of Bankruptcy and Voluntary Liquidation. The Bank continued, after August 31, 1929 and until the coming into force of the New Plan, to investigate cases of bankruptcy and voluntary liquidation among concerns subject to the industrial charge.

The number of bankruptcies recorded during the period from September 1, 1929 to May 17, 1930 was *221*. The nominal value of the debentures issued by these concerns is *10,303,950* gold marks. The Bank did not have recourse to the provisions guaranteeing it a prior claim to the assets of bankrupt concerns. In agreement with the Trustee, it preferred to avoid the complications of the normal legal procedure by substituting for the debentures of the concerns in question other debentures which it held in reserve and which it drew from a surplus holding constituted at the time of the second distribution.

Voluntary liquidations during the period under consideration numbered *168* representing debentures to the nominal value of *7,625,500* gold marks. As in the case of bankruptcies, the Bank and the Trustee waived the legal procedure for the recovery of the annuities due; they substituted debentures drawn from the surplus holding for those issued by the liquidated concerns.

Limitation, distribution or removal of the public law mortgage. In the course of the period from September 1, 1929 to May 17, 1930, applications from concerns subject to the charge for the removal, limitation or proportional distribution of the charge (§§ 41, 42 and 43 of the Industrial Charges Law) were still very numerous. They totalled *1,051* and were presented by *605* concerns.

Details of the cases on which the Bank and the Trustee have had to pronounce an opinion are indicated below:

Article 42 paragraph 1 (b). 45 concerns with a business capital of *1,851,834,434* gold marks and debentures for a nominal amount of *362,961,716* gold marks successfully applied for the liberation from the public law mortgage of part of their real property, valued at *16,761,029* gold marks, out of real property to the total value of *1,690,025,529* gold marks.

Article 42 paragraph 1 (d). One concern with a business capital of *1,688,415* gold marks and a debenture for the nominal amount of *331,000* gold marks applied for the exemption from the public law mortgage of real property valued at *45,991* gold marks, out of real property to the total value of *249,756* gold marks. The removal of the mortgage was exceptionally allowed without the provision of an equivalent guarantee, the enquiry instituted having revealed the fact that the commercial value of the remaining real property was sufficient to guarantee the debenture.

Article 43 paragraph 1. *3* concerns with a business capital of *2,813,295* gold marks and debentures for the nominal value of *551,850* gold marks successfully applied for the distribution of the mortgage between the property alienated and the property retained in proportion to their respective values.

Article 43 paragraph 2. *556* concerns with a business capital of *1,189,758,793* gold marks and debentures for the nominal value of *232,397,070* gold marks obtained the removal of the mortgage charge from property alienated to the value of *57,462,050* gold marks, out of property to the original total value of *888,809,912* gold marks.

Article 49. Cessions of concerns, giving rise either to the transfer of the mortgage charge or to the distribution of the amount of the charge and of the corresponding annual payment, numbered *673* during the period from September 1, 1929, to May 17, 1930, the nominal value of the debentures issued by the concerns in question being *148,457,591* gold marks. Of these, *466* cases representing a nominal debenture value of *46,493,252* gold marks, were total cessions and *207* cases, representing a nominal debenture value of *101,964,339* gold marks, were partial cessions.

II.

Bank für deutsche Industrie-Obligationen. On December 31, 1929, the *fifth* business year of the Bank für deutsche Industrie-Obligationen came to an end. The balance sheet and profit and loss account for the business year were submitted to the Managing Board of the Bank at its meeting of February 18, 1930, and approved by the general meeting of shareholders on June 17, 1930. These two documents are reproduced below. For purposes of comparison the figures for the various items are placed side by side with those for the previous business year.

The various items of the balance sheet call for some remarks.

It should first be noted that the Bank has a larger volume of liquid funds at its disposal than in the previous year. In addition, the securities account has increased, the Bank having been able to make new investments during the business year 1929, owing to the increase in the reserve fund. The securities owned by the Bank are exclusively fixed interest-bearing securities.

First among the entries of the profit and loss account comes the interest derived from the investment of the funds of the Bank, which amounted to 9,671,362.81 reichsmarks for the business year 1929, as against 7,222,428.62 reichsmarks during the previous year; next comes a sum of 498,252.82 reichsmarks representing the participation of the Trustee in the costs of management of the Bank under § 28 of the Industrial Charges Law. From the interest receipts a

Assets	1929 reichsmarks	1928 reichsmarks
Share capital not yet paid up	2,500,000.—	2,500,000.—
Cash in hand and postal cheque credit balance	10,521.47	16,267.78
Credit balance with the Reichsbank and with other banks	76,299,885.74	59,039,522.56
Securities .... 34,694,230.85 written off 645,624.70	34,048,606.15	25,076,633.75
Debtors	3,965,693.60	1,640,690.26
Inventory .... 5,763.05 written off 5,762.05	1.—	1.—
Charge production payments account..	25,713,912.32	20,059,855.81
Capitalised amount of the claims of the Bank under the Industrial Charges Law .... 5,000,000,000.— Amortisation 1928/29 .... 102,500,000.—	4,897,500,000.—	4,950,000,000.—
Claim of the Bank in respect of the industrial charge annuity for the period from September 1 to December 31, 1919	100,000,000.—	100,000,000.—
Total	5,140,038,620.28	5,158,332,971.16

Liabilities	1929 reichsmarks	1928 reichsmarks
Share capital	10,000,000.—	10,000,000.—
Reserve fund under § 262 of the Commercial Code	297,125.—	273,125.—
Reserve for special costs of the Bank under § 28 of the Industrial Charges Law	500,000.—	500,000.—
Creditors	4,588.30	283,491.73
Employees' relief account	172,932.65	180,285.15
Adjustment and guarantee fund account	97,500,000.—	67,500,000.—
Carry forward account for the adjustment of charge production payments	—	4,583,787.47
Special reserve account under § 7 of the Industrial Charges Law	4,478,426.—	4,478,426.—
Charge production adjustments account	25,713,912.32	20,059,855.81
Capitalised amount of the claims of the Trustee under the Industrial Charges Law .... 5,000,000,000.— Am rtisation 1928/29 .... 102,500,000.—	4,897,500,000.—	4,950,000,000.—
Claim of the Trustee in respect of the industrial charge annuity for the period from September 1 to December 31, 1929	100,000,000.—	100,000,000.—
Surplus	3,871,636.01	474,000.—
Total	5,140,038,620.28	5,158,332,971.16

Profit and Loss Account.

Debit	1929 reichsmarks	1928 reichsmarks
To Expenses of Management	1,488,997.07	1,497,340.32
Written off inventory	5,762.05	20,953.90
Written off securities	645,624.70	232,122.85
Surplus	3,871,636.01	474,000.—
	6,012,019.83	2,224,417.07

Credit	1929 reichsmarks	1928 reichsmarks
By receipts from interest	9,671,362.81	7,222,428.62
Appropriated to adjustment and guarantee fund account	*4,157,595.80*	*1,640,027.30*
Appropriated to carry forward account for the adjustment of charge production payments	—	*3,851,849.97*
	5,513,767.01	1,730,551.35
Trustee's share in the costs of management	498,252.82	493,865.72
	6,012,019.83	2,224,417.07

Statement of Accounts on May 17, 1930.

Assets	Position	
	before	after
	the coming into force of the New Plan	
	reichsmarks	reichsmarks
Share capital not yet paid up	*2,500,000.—*	2,500,000.—
Cash in hand and postal cheque credit balance	*30,429.86*	30,429.86
Credit balance with the Reichsbank and with other banks	*99,855,950.—*	20,654,068.53
Securities	*168,398,089.85*	32,808,089.85
Debtors	*73,026.90*	72,026.90
Inventory	*1.—*	1.—
Charge production payments account: (position on May 10)	*36,284,890.80*	22,929,242.88
Capitalised amount of the claims of the Bank under the Industrial Charges Law	*4,897,500,000.—*	—
Claim of the Bank in respect of the industrial charge annuities for the period from September 1, 1929, to May 17, 1930	*214,166,666.66*	—
	5,418,809,055.07	78,993,859.02

Liabilities	Position	
	before	after
	the coming into force of the New Plan	
	reichsmarks	reichsmarks
Share capital	*10,000,000.—*	10,000,000.—
Reserve Fund under § 262 of the Commercial Code	*297,125.—*	297,125.—
Reserve for special costs of the Bank under § 28 of the Industrial Charges Law	*500,000.—*	500,000.—
Profit and Loss account on December 31, 1929	*3,871,636.01*	3,871,636.01
Creditors	*71,431.31*	71,431.31
Employees' relief account	*170,287.65*	170,287.65
Adjustment and guarantee fund account	*97,500,000.—*	27,500,000.—
Charge production account	*151,070,371.04*	6,036,735.75
Special reserve account under § 7 of the Industrial Charges Law	*4,478,426.—*	4,478,426.—
Charge production adjustments account (Position on May 10)	*36,284,890.80*	22,929,242.88
Capitalised amount of the claims of the Trustee under the Industrial Charges Law	*4,897,500,000.—*	—
Claim of the Trustee in respect of the industrial charge annuities for the period from September 1, 1929, to May 17, 1930	*214,166,666.66*	—
Surplus according to the accounts (without deduction of the interest on May 17, 1930)	*2,898,220.60*	3,138,974.42
	5,418,809,055.07	78,993,859.02

sum of 4,157,595.80 reichsmarks has been deducted and appropriated to the reserve. The reserve fund accordingly now totals 97,500,000 reichsmarks, having also benefited during the last business year by a supplementary payment of 10 per cent of the annuity total. The balance available in the account has gone to the costs of management (1,488,997.07 reichsmarks) and to cover sums written off the inventory (5,762.05 reichsmarks) and off the value of securities (645,624.70 reichsmarks). The profit and loss account has thus a credit surplus of 3,871,636.01 reichsmarks. This profit was distributed as follows: 193,600 reichsmarks were carried to the reserve fund under § 262 of the Commercial Code; 450,000 reichsmarks were allocated to the shareholders in the form of a 6 per cent dividend on the paid up capital of 7.5 million reichsmarks; and 3,228,036.01 reichsmarks were carried forward to the new balance sheet.

⁂

On December 31, 1929 the term of office of five members of the Managing Board, Messrs. Alberti, Bücher, Flechtheim, Patijn and de Peyster, expired in conformity with the Statutes of the Bank. In virtue of § 8 of the Statutes, the Government of the Reich re-appointed the two German members (Dr. Bücher and Prof. Flechtheim), while the non-German members of the General Council of the Reichsbank appointed Messrs. Alberti and Patijn; M. de Peyster was again elected by the Reparation Commission. The Board was informed of the re-election of the five retiring members in the course of its meeting on February 18, 1930. At the same meeting Dr. G. Krupp von Bohlen und Halbach, Chairman of the Board since the foundation of the Bank, was re-appointed to this office.

The coming into force of the New Plan removed the reasons for which the foreign members had been called to sit on the Board of the Bank; these members retired on May 17, 1930. The general meeting of shareholders held on June 17, 1930 gave them their discharge in respect of the administration of the Bank until May 17, 1930.

⁂

In addition to the end of the year balance sheet, the Bank presented a supplementary statement of accounts, closed on May 17, 1930, the date on which its operations in connection with the administration of the industrial charge terminated. This statement, which is reproduced on page 278, reveals the position of the accounts of the Bank before and after the coming into force of the New Plan.

The differences to be found in the various items of the above statement as compared with the entries made prior to May 17, 1930, reflect the changes introduced by the application of the provisions of The Hague Agreements relating to the industrial charge.

In the first instance there is the disappearance on both sides of the balance sheet of the item of 4,897,500,000 reichsmarks, representing the nominal value of the negotiable debentures and industrial bonds issued in virtue of the provisions of the Industrial Charges Law and unredeemed, together with the disappearance of the sum of 214,166,166.66 reichsmarks corresponding to the fraction of the annuity due for the period from September 1, 1929 to May 17, 1930 on the said debentures and bonds.

On the other hand, the following points should be noted: *under the assets*—the appreciable reduction in the credit balances and securities forming the property of the Bank, which have fallen from 99,855,950 reichsmarks and 168,398,089.85 reichsmarks to 20,654,068.53 reichsmarks and 32,808,089.85 reichsmarks respectively: *under the liabilities*—the reduction in the Charge production account, which has fallen from 151,070,371.04 reichsmarks to 6,036,735.75 reichsmarks and the reduction in the Adjustment and guarantee fund account which has fallen from 97,500,000 reichsmarks to 27,500,000 reichsmarks. These operations were rendered necessary by the payment of 150 million reichsmarks which the Bank was obliged to effect to the Government of the Reich under the provisions of the Law of April 3, 1930, the payment of 70 million reichsmarks effected in virtue of the Law of April 15, 1930, (to which Laws reference is made in other sections of the present Report) and adjustments of accounts made in this connection.

The supplementary Statement presented by the Bank was approved by the general meeting on June 17, 1930 together with the balance sheet as closed on December 31, 1929.

III.

Loans issued by concerns subject to the Industrial Charge. In the course of the last four months of 1929, almost no long-term loans were contracted, either abroad or in Germany. During this period the concerns subject to the charge under the Industrial Charges Law concluded only one loan in America—the 5 million dollar loan of the Deutsche Dampfschiffahrts-Gesellschaft Hansa of Bremen, issued at 93 and carrying interest at 6 per cent.

Between January and April 1930 the position on the international capital market improved and there was some resumption of business. Among external loans, the most important was the loan concluded in America last February by the Siemens & Halske A. G.; the nominal amount was 14 million dollars, the minimum interest guaranteed 6 per cent, and the duration one thousand years. The bonds were issued at 233 per cent, corresponding approximately to the price of the Company's shares. A small tranche of the same loan (10 million reichsmarks) was issued in Germany at 175; the shareholders of the Company were given an option for the full amount in the proportion of one bond to ten shares.

The bonds of this loan carry interest at 6 per cent and a supplementary interest payment of 1 per cent for each 1 per cent by which the Company's dividend exceeds 6 per cent.

In March the Rheinisch-Westfälische Elektrizitätswerke A. G. concluded in America a 20 million dollar loan, the issue price being 93, the interest rate 6 per cent and the duration of the loan 25 years.

Mention must be made of the issue of a 6½ per cent loan for 8 million florins by the Wintershall A. G., a company belonging to the most important group of potash undertakings. The loan was issued at 94½ and carried a right of option to shares representing the claim of 22 million reichsmarks entered in the Debt Register of the German Public Debt which the Company holds against the Reich as compensation for the Alsatian potash mines ceded under the Treaty of Versailles.

The most recent issue is that of the 6 per cent bonds for 20 million florins issued at 92 by the Phönix A. G. für Bergbau und Hüttenbetrieb.

In Germany, apart from the tranche of the Siemens & Halske loan to which reference has already been made, there were two small issues during the same period: the Aktien-Brauerei of Mainz, through a banking consortium, issued two successive loans for 500,000 reichsmarks each in 8 per cent bonds at 95.

The capital borrowed since September 1, 1924, by concerns subject to the industrial charge totalled *3,485,295,000* reichsmarks at the end of April 1930. It should however be noted that several of the undertakings in question have already been able to repay part of the bonds issued.

Movement towards concentration. Cases of concentration were still numerous during the period under consideration. The present situation undoubtedly favours the movement, the various concerns being induced to unite, not only in order to continue the process of technical rationalisation, but still more because of the necessity for combined effort with the object of increasing the financial resources of the concerns and of being able to procure new resources.

Amalgamations, special agreements and various forms of community of interests are reported in all branches of German industry.

The most important operations are those which have taken place among undertakings connected with the heavy industry of the Ruhr, where the process of concentration has been further stimulated since the renewal of the metallurgical syndicates, owing to the opportunity afforded by the re-grouping of production quotas.

Mention should also be made of the agreements concluded among the chemical undertakings which treat salts of potassium, agreements which reveal further progress towards concentration in the potash industry, and of the renewal and extention of the arrangements for the distribution of work among the concerns manufacturing azote and azote products.

Finally, attention should be drawn to the community of interests recently concluded for a period of 50 years between the Norddeutscher Lloyd and the Hamburg-Amerika Paketfahrt A. G., on a basis of the unification of the services of the two companies and the equal distribution of profits.

Financial results obtained by industrial undertakings. Examination of the balance sheets of the most important industrial undertakings subject to the industrial charge has been confined to

150 companies, as against the 360 companies which were discussed in the report of November 15, 1929. The examination of the present report ends on May 17, 1930. The balance sheets cover the business year ending June 30, 1929, September 30, 1929, or December 31, 1929. The data in question are assembled in the table on page 283, which for purposes of comparison gives the figures for the 1928-29 or 1929 balance sheets side by side with those of the balance sheets of the same companies for 1927-28 or 1928.

The *150* companies examined represent a share capital of *3,801,014,670* reichsmarks. Their operating profits during the business years in question totalled *641,500,933* reichsmarks, or *16.88* per cent of the capital, as against *584,819,852* reichsmarks, or *15.67* per cent for the previous year. The dividends distributed averaged *7.36* per cent, as against 7 per cent. It should be noted that the number of companies distributing a dividend of 10 per cent or more was 55, as against 53 during the previous period, while the number of undertakings which distributed no dividend rose slightly (from 24 to 28).

Generally speaking it may be said that the undertakings whose balance sheets have been examined obtained financial results during the past business year which were on the whole satisfactory, in spite of the decline in activity recorded in some branches of industry. The increase in dividends was particularly pronounced in the heavy industry, where the average rate rose from *5.62* per cent to *6.21* per cent, and in the chemical industry, where the average was *9.24* per cent as against *8.77* per cent. In the textile industry dividends dropped materially, the average reduction being from *9.12* per cent to *6.36* per cent; this result fully confirms the information given on industrial production in the following section of the present report.

Nevertheless, in view of the limited number of balance sheets examined, the above impressions cannot be taken to cover all German industrial concerns.

IV.

Movement of industrial production since September 1, 1924. The figures showing the production or consumption of raw materials in the various branches of industry examined in previous reports are shown in the table on page 284 which combines the statistics relating to the years 1924—29 as compared with those for 1913.

We give below for each branch of industry a survey of the results obtained in 1929 and during the first quarter of 1930. This survey serves to complete the information contained in the Report of November 15 last.

* * *

The output of *coal* amounted during 1929 to 163.4 million tons, or the maximum figure for post-war years, exceeding the 1928 production by 8.3 per cent and the 1927 production by 6.4 per cent. Net exports of coal amounted in 1929 to 18.9 mil-

Summary of Balance Sheets of Industrial Concerns.

	Branch of industry	Number of concerns	Nominal capital	Balance sheet results for 1928-29 or 1929			Nominal capital	Balance sheet results for 1927-28 or 1928		
				Operating profits (1)	Dividend distributed	Percentage		Operating profits (1)	Dividend distributed	Percentage
I	Building Industry and Industries for Building Materials.............	3	25,500,000	5,739,158	3,060,000	12	25,500,000	5,059,590	3,060,000	12
II	Foodstuffs Industry......	32	380,843,720	82,656,300	41,227,658	10.82	385,644,110	80,011,726	40,989,164	10.63
III	Heavy Industry.........	29	1,783,474,300	301,336,269 *112,418*	110,689,269	6.21	1.777,674,100	283,389,298	99,839,300	5.62
IV	Chemical Industry	6	44,696,000	6,202,108	3,184,680	7.13	44,696,000	5,763,698	3,184,680	7.13
V	Electrical Industry	16	918,848,400	156,273,013 *1,913,076*	84,945,001	9.24	867,008,400	138,259,386 *617,265*	76,066,406	8.77
VI	Metal and machinery Industry...............	39	404,225,350	50,720,189 *219,521*	21,121,798	5.22	404,642,100	48,552,237 *11,439,322*	20,235,352	5
VII	Textile Industry	12	107,430,900	16,251,481 *132,333*	6,835,474	6.36	97,430,900	17,356,464	8,883,874	9.12
VIII	Miscellaneous Industries..	13	135,996,000	24,699,763	8,908,560	6.55	129,996,000	18,781,094 *297,054*	8,976,960	6.90
		150	3,801,014,670	641,500,933	279,972,440	7.36	3.732.591.610	584,819,852	261,235,736	7

(1) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.

Annual Production and Net Imports Into Germany for the Years 1913 and 1924-1929.

	1913 (1)	1924	1925	1926	1927	1928	1929
Extraction of coal:							
in thousands of tons	140,753	118,769	132,622	145,296	153,599	150,876	163,437
in percentage of 1913	*100*	*84.4*	*94.3*	*103.2*	*109.1*	*107.2*	*116.1*
Extraction of lignite:							
in thousands of tons	87,233	124,637	139,725	139,151	150,504	166,260	175,178
in percentage of 1913	*100*	*142.9*	*160.2*	*159.5*	*172.9*	*190.6*	*200.8*
Sales of the Potash Syndicate: in tons of K_2O	1,110,320	843,800	1,225,400	1,099,820	1,239,520	1,424,233	1,401,416
in percentage of 1913	*100*	*76.0*	*110.4*	*99.0*	*111.6*	*128.3*	*126.2*
Output of crude pig-iron:							
in thousands of tons	10,916	7,833	10,089	9,636	13,103	11,804	13,401
in percentage of 1913	*100*	*71.7*	*92.4*	*88.3*	*120.0*	*108.1*	*122.8*
Output of crude steel:							
in thousands of tons	12,177	9,703	12,051	12,226	16,267	14,517	16,246
in percentage of 1913	*100*	*79.7*	*99.0*	*100.4*	*133.6*	*119.2*	*133.4*
Output of rolled products:							
in thousands of tons	10,940	8,175	10,246	10,276	12,864	11,563	12,459
in percentage of 1913	*100*	*75.0*	*94.0*	*94.2*	*118.0*	*105.7*	*113.8*
Net imports of raw copper (2): . . . . . in tons	218,200	118,687	238,898	145,942	278,773	260,145	213,354
Net imports of raw cotton (3): . . . . . in tons	439,100	332,900	367,715	291,820	446,776	335,533	341,757
Net imports of raw wool (4): . . . . in tons	206,200	136,563	126,737	140,168	182,108	159,105	154,570
Consumption of raw leather (5): . . . . . in tons	297,838	248,987	257,969	205,654	279,036	243,035	217,218
Net imports of raw rubber (6): . . . . . in tons	—	24,899	43,587	23,948	45,067	44,142	50,550
Number of building licences issued (7)	—	—	24,557	22,792	28,498	28,330	31,387

(1) In the present territory of the Reich.

(2) From 1924 onwards net imports of copper and alloys.

(3) Average consumption 1909-1913.

(4) Average consumption 1909-1913.

(5) Quantity of hides treated in 1910. From 1924 onwards the figures are taken from the statistics of animals slaughtered together with the net imports.

(6) There are no statistics with regard to the consumption in 1913. To give some indication of the position, it may be said that the world production rose from 124,000 tons in 1913 to 800,000 tons in 1929.

(7) These figures apply to 38 cities of over 100,000 inhabitants.

lion tons, an increase of approximately 2.5 million tons as compared with 1928, whereas the output for 1929 exceeded that of the previous year by approximately 10 million tons. The increase in the demand in Germany was thus considerable, and affords proof of the satisfactory exploitation of the industries consuming coal.

The position in regard to the production of *lignite* was equally favourable, the output in 1929 being also the highest since the war with a total of 175.2 million tons, or 5.4 per cent more than in 1928 and 16.4 per cent more than in 1927. To the output total 2.7 million tons of imported lignite must be added.

The trade recession at the beginning of 1930 and the mild winter affected the fuel market. The output of coal, it is true, remained during the *first quarter* of the year at a fairly high level corresponding approximately to that of last year. Production totalled 39.10 million tons, as against 39.09 million tons for the period January to March 1929. But the fall in the demand meant an abnormal increase in stocks; in the Ruhr basin, pithead stocks (coal, coke and coal briquettes) had almost reached the figure of 5 million tons by the end of April 1930, whereas the figure at the beginning of the year was 2.8 million tons. In April production only totalled 11.5 million tons as against 13.4 millions in April 1929.

The decline in consumption for domestic heating was still more marked in the case of lignite, the output of which was considerably reduced, being 36.7 million tons from *January to March 1930*, as against 43.2 million tons in 1929; in April output fell to 10.8 million tons as against 14.2 million in April 1929.

The position of the *potash* industry changed very little in 1929 as compared with 1928. The sales of the Syndicate totalled 1.40 million tons of potash (expressed in pure K_2O) as against 1.42 millions for the previous year. The slight decrease noticed is due to a reduction in home consumption, exports having slightly increased, particularly in the case of the best qualities containing a higher percentage of salts of potassium. Negotiations are now proceeding between the representatives of the Potash Syndicate and foreign purchasers, particularly in the United States, with a view to intensifying the utilisation of salts of potassium for the manufacture of artificial fertilisers.

During the *first quarter* of 1930, the Syndicate sold 576,221 tons, as against 542,296 tons for the corresponding period of 1929. If the sales in April and May are added, totals of 733,300 and 732,138 tons respectively are obtained.

The *iron and steel* industry in Germany developed on the whole satisfactorily in 1929, as is shown by the figures given below. Production was particularly active in the first few months of the year, during which it reached a level never previously attained; it was not until later that a certain decline was observed. The restriction of production for certain categories of commodities is due to the application of decisions taken by the International Steel Cartel, owing to the very great competition on international markets.

The production of *pig-iron* reached a total in 1929 of 13.4 million tons, thus considerably exceeding the figure of 11.8 million tons for 1928. There is no possibility, it is true, of exactly comparing the two years, since in 1928 the production total was considerably reduced in November as a result of the lock-out in the Ruhr. But even taking 1927 as a basis of comparison, when business was good, a slight increase is to be noted, the production total for that year having been only 13.1 million tons.

The output for the *first quarter* of 1930 was 3.06 million tons, or rather less than that of the corresponding period of 1929, which was 3.14 million tons. The fall in output was greater in April (901,358 tons as against 1,112,098 tons in April 1929).

The production of *crude steel* followed similar lines, having risen in 1929 to 16.2 million tons (the 1927 level), as against 14.5 millions in 1928.

From *January to March 1930* the output totalled 3.6 million tons, as against 4.05 million tons in the corresponding months of 1929; in April output only totalled 1,033,383 tons as against 1,416,299 tons in April 1929.

In the case of *rolled products* production in 1929 (12.5 million tons) fell slightly short of the 1927 figure (12.9 million tons); but it considerably exceeded the 1928 total of 11.6 million tons.

Production hat since fallen slightly since the beginning of 1930, the total for the *first quarter* representing only 2.8 million tons, as against 3.05 million tons in 1929. April showed a further fall: 0.83 million tons as against 1.10 millions in April 1929.

The satisfactory degree of activity in the German iron and steel industry in 1929 was largely the result of an increase in exports. For raw and semi-finished products of the iron and steel industry (pig-iron and steel) exports exceeded imports in 1929 by 3,994,907 tons, with a monthly average of 332,906 tons, as against 219,000 tons in 1928 and 137,000 in 1927. As a result of this increase in exports, Germany was able to compensate in part for the reduced activity on the home market.

The situation presented the same characteristics during the *first quarter* of 1930, when exports of metallurgical products remained at a level exceeding the monthly average for 1929.

Net imports of *crude copper* totalled 213,354 tons in 1929, thus falling appreciably short of the figures for 1928 and 1927, which were 260,145 and 278,773 tons respectively. There was, it is true, an increase in the quantities of copper ore handled in Germany, so that the production of metallurgical copper increased from 48,597 tons in 1928 to 53, 601 tons in 1929; but this increase was not sufficient to offset the marked decline in imports. It is thus to be assumed that the consumption of copper is declining.

Imports have continued to fall since January 1930, the import total for the *first quarter* of the year being only 23,887 tons, as against 52,970 tons imported during the same period of 1929. In April imports only amounted to 8,155 tons, whereas they totalled 26,871 tons in April 1929. An increase in secondary production, derived from the utilisation of scrap and waste metal, is however to be noted, probably as a consequence of the high prices for crude copper charged by the international producers cartel until April 1930. But since that date the cartel has been obliged to reduce its prices by degrees because of the unsatisfactory state of the market.

Imports of *raw cotton* totalled 341,757 tons in 1929 and slightly exceeded the 1928 figure of 335,533 tons. Towards the end of the year in particular a certain resumption of activity was to be noted, as compared with the previous months or with the corresponding period of 1928. The resumption was however not lasting, and the net imports for the *first quarter* of 1930, with a, total of 88,614 tons, fell far short of those for the first quarter of 1929, which totalled 102,813 tons. The position did not improve in April when the figure for imports was 24,676 tons as against 28,851 tons in April 1929.

Imports of *raw wool* on the other hand fell short of the 1928 level in 1929, having totalled only 154,570 tons as against 159,105 tons. They have not recovered subsequently, imports having fallen short of the level for the previous year except in the case of January 1930. The total for net imports in the *first quarter* of 1930 is 42,210 tons, as against 55,146 tons in the corresponding period of 1929. In April the quantities imported (13,607 tons) remained appreciably below the figure for April 1929 (23,626 tons).

Generally speaking it may be said that the textile industry shows no sign of recovery as yet. The decline in the purchasing power of the mass of consumers and competition of foreign markets, which is becoming increasingly marked, are factors which help to restrict productive activity very considerably. These unfavourable elements are apparent not only for cotton and wool, but also for the manufacture of articles in linen, artificial silk and pure silk. In April 1930 the percentage of employment in the textile industry was still only 78,6 per cent, being thus below the level for April 1929, which was 84 per cent.

The consumption of *raw leather* totalled 217,218 tons in 1929 and thus fell short of the level for the previous year of 243,035 tons, which was itself less than the quantity of 279,036 tons consumed in 1927. The decline is due to the considerable reduction in imports, the quantities of raw hides from slaughter houses having on the contrary increased. Among the industries handling leather, only the boot and shoe industry shows a slight improvement in the last few months of 1929 as compared with the previous year.

During the *first quarter* of 1930, net imports of leather remained at approximately the very low level for the first quarter of the previous year, the figures being 19,941 tons and 17,195 tons respectively. April, with imports totalling 4,912 tons, revealed a certain increase as compared with April 1929, during which year the quantities imported fell to a minimum of 3,862 tons.

Net imports of *raw rubber* in 1929 considerably exceeded the figures for previous years, with a total of 50,550 tons, as compared with 34,142 tons in 1928 and 45,067 tons in 1927: the 1929 figure thus represents an absolute maximum for German imports of this raw material. The increase in imports was particularly marked in the first part of the year; for a few months there was a slight set-back, but the total supplies of this raw material laid in were very considerable. The increase in imports of raw rubber is a good sign for the development of the industries which consume this product, particularly the electro-technical industry and the automobile industry. This favourable situation was however not maintained during the *first quarter* of 1930, net imports having totalled only 11,534 tons from January to March, as against 14,332 tons during the same months of 1929. April showed a further fall in the quantities imported, the figure being 4,469 tons as against 5,504 in April 1929.

In the *building* industry applications for building permits were much more numerous in 1929 than in 1928. Activity in this branch increased and more buildings were completed than in 1928, in spite of the difficulty of financing new constructions. The degree of employment was less satisfactory during 1929, although weather conditions remained favourable during the last few months of the year, thus enabling work to be continued right on into the winter. This may point to the success of the technical rationalisation measures applied in the building industry and may indicate that labour is better employed.

The customary resumption of seasonal activity only made itself felt very slowly during the current year. The number of building permits issued during the *first quarter* of 1930 was appreciably below that for the corresponding period of 1929.

⁂

The index for industrial production during the last four months of 1929 and the first few months of the current year shows no appreciable change in the situation discussed in the report of November 15, 1929. Except for a recovery in October, the downward movement of the index continued, the decline for production as a whole being slight but continuous. Nevertheless, the curve of the index during the last few months of 1929 was above that for the corresponding months of 1928 and approximated to the level at the end of 1927, a year in which business was good.

The production of the basic industries, far from revealing depression remained very firm—a circumstance calculated to make good in part the less favourable position in other branches of production.

Since the beginning of 1930 however the recession has been more marked as it has also spread to the basic industries. At the present time there is no sign of recovery.

V.

Liquidation operations. The abolition of the industrial charge for which provision is made in The Hague Agreement of January 20, 1930, entails the destruction of the securities issued under the Industrial Charges Law and the extinction of the public law mortgage created by the said Law on the business capital of the concerns subject to the charge.

The measures to be taken for the destruction of the industrial debentures and the documents relating to the industrial charge had to be determined by the Small Special Committee for which provision is made in Annex V to the Experts' Report of June 7, 1929. These measures were fixed by the said Committee in agreement with the Bank and with the Trustee. In conformity with the arrangements thus made, the above-mentioned securities and documents were destroyed in the presence of the representative of the Trustee, the representatives of the Bank and the Administration of the Public Debt of the Reich and the delegate of the said Committee.

The operations carried out were recorded in a protocol signed by the persons present during the destruction operations and duly certified by the Notary.

The text of the protocol is as follows:

> "For the purpose of the destruction, as provided under Annex II No. 2 to The Hague Agreement of January 1930, of the debentures and bonds issued in conformity with the Industrial Charges Law, the following persons this day assembled in the presence of the undersigned duly qualified official (Urkundsperson) in the cancellation department of the Reichsschuldenverwaltung, Feilnerstraße 5a, Berlin SW 68, underground rooms 64—66:
>
> 1. on the part of the Trustee—Dr. Gustavo Chiaruzzi, Head of the Trustee's Office;
> 2. on the part of the Bank for German Industrial Debentures (Bank für deutsche Industrie-Obligationen)—Dr. Alfred Keichel, deputy member of the Board and Herr Hans Stroedel, officer with power of attorney;
> 3. on the part of the Reichsschuldenverwaltung—Oberfinanzrat Dr. Otto Fiedler;

4. on the part of the Small Special Committee appointed pursuant to Annex V § 166 to the Experts' Report of June 7, 1929, as provided under Annex II § 2 to the Agreement of January 20, 1930, between Germany and the creditor Powers—Ministerialrat Dr. Johann Ronde of the Ministry of Public Economy and Mr. I. Graul representing Messrs. Jay and Goodwin.

"It has been ascertained that the following papers and documents should be destroyed, viz:

1. the *non-negotiable debentures* hitherto held in joint custody of the Bank and the Trustee, together with the surplus debentures in custody of the Bank;
2. the *negotiable debentures* held in the custody of the Trustee;
3. the *industrial bonds* to be issued by the Bank which have been held hitherto, in so far as they have been issued, in the custody of the Trustee and, in so far as they have not yet been issued, in the custody of the Bank;
4. the *declaration of guarantee* issued by the Reichsschuldenverwaltung in conformity with § 68 of the Industrial Charges Law.

"The said papers were brought into the aforesaid rooms, and the persons therein assembled satisfied themselves that the said papers were complete by tests made at random with the aid of the following documents, viz:

1. for the *non-negotiable debentures:*
   the basic lists issued by the Revenue Offices (Finanzämter) and currently corrected in accordance with the information furnished by the said Offices, with regard to the concerns for which the Bank has received either a non-negotiable debenture on the occasion of the second distribution or a correction of the debenture of the first distribution; and further, the lists drawn up by the Bank of the non-negotiable debentures actually held this day in the joint custody of the Bank and the Trustee, together with the surplus debentures in the custody of the Bank;
2. for the *negotiable debentures:*
   the list drawn up by the Trustee, and recognised by the Bank as correct, of the negotiable debentures held this day in the custody of the Trustee;
3. for the *industrial bonds:*
   the books of the Bank with regard to the said bonds according to the position this day, and further the list of the Trustee showing the industrial bonds held this day in his custody, together with the list of the Bank showing the industrial bonds on hand this day but not yet issued.

"After it had thus been ascertained that the following documents had been made available for destruction, viz:

1. 42,843 *non-negotiable debentures* for an aggregate nominal amount of 4,674,776,371 gold marks, of which 39,205 were

non-negotiable debentures held in the joint custody of the Bank and the Trustee for a nominal amount of 4,419,600,000 and 3,638 gold marks were surplus non-negotiable debentures for a nominal amount of 255,176,371 gold marks;

2. 165 *negotiable debentures* for an aggregate nominal amount of 580,400,000 gold marks;
3. 2,854 *industrial bonds* for an aggregate nominal amount of 4,897,533,500 gold marks, together with the interest coupons for the period September 1, 1929 to August 31, 1940 and the renewal warrant maturing on August 31, 1940, that is to say 1,218 *industrial bonds* held in the custody of the Trustee for a nominal amount of 4,328,998,500 gold marks and 1,636 *industrial bonds* held in the custody of the Bank but not yet issued, for a nominal amount of 568,535,000 gold marks;
4. the *declaration of guarantee* issued by the Reichsschuldenverwaltung under date of February 28, 1925 in conformity with § 68 of the Industrial Charges Law;

all of the aforesaid documents were destroyed in the following manner: in the presence of the persons convoked to attend, they were handed over to Oberfinanzsekretär Felix Römer, the officer specially appointed for the purpose of the actual work of destruction, and cut up in strips of 1 centimeter wide.

Berlin, May 19, 1930. *Here follow the signatures.*

No. 4489/30 of the Register of Certified Public Documents. "

The original text of this document was transmitted through the Ministry of Public Economy to the Chairman of the Small Special Committee to be deposited among the Archives of the French Republic.

* * *

The Industrial Charges Law ceased to apply on May 17, 1930, the date of the coming into force of the New Plan. The office to which the Trustee was appointed by the Reparation Commission under § 51 of the Law therefore terminated on this date as provided in Articles IV and XIV of The Hague Agreement of January 20, 1930 concerning the final acceptance of the Experts' Plan of June 7, 1929 by the Powers concerned. For these paragraphs recognise the replacement of all controls, special securities, pledges or charges of the creditor Powers by the solemn undertaking of the German Government and provide for the abolition of the organisations in Berlin.

Moreover, with the coming into force of the New Plan, the Bank für deutsche Industrie-Obligationen has lost its principal reason for existence, which, under the terms of the Industrial Charges Law, was to ensure the issue and service of the industrial bonds and negotiable debentures and to administer the individual debentures issued by the industrial concerns with the guarantees attaching thereto.

A law voted by the Reichstag and promulgated on June 4, 1930 (Reichsgesetzblatt of June 7, 1930, Part II, No. 22, page 783) provides that it is for the German Government to decide the date on which the Bank is to go into liquidation. Until the liquidation operations are terminated the German members and the Chairman of the Managing Board will remain in charge and will assume the functions and duties of the Board as a whole. The Law in question adds that the Government of the Reich will have to decide what decrees in application of the Industrial Charges Law are to remain in force.

* * *

It is well known that the Government of the Reich had ensured the regular collection of the funds required to meet liabilities in respect of the industrial charge by means of the Law for the Production of the Industrial Charge (*Aufbringungsgesetz*), an internal German law the fate of which was not necessarily dependent on that of an international agreement such as the Dawes Plan. It is for this reason that the *Aufbringungsgesetz* was not abolished on the coming into force of the New Plan. Nevertheless, the German Government, taking into account the considerations put forward by the Experts when they recommended the abolition of the special charge on industry, has arranged for the gradual suspension of the collection of this charge.

A law dated April 15, 1930 (Reichsgesetzblatt of April 16, 1930, Part II, Nr. 12, page 141) provides that the annuity in respect thereof shall continue to be paid for two years. This Law fixes the annuity due by the concerns subject to the charge at 350 million reichsmarks for the financial year 1930-31 and at 230 million reichsmarks for the financial year 1931-32. As a matter of fact, the contribution for the financial year 1930-31 will be only 280 million reichsmarks, a sum of 70 millions being drawn, under the terms of the Law itself, by the Bank für deutsche Industrie-Obligationen from the Adjustment and guarantee fund account.

* * *

Owing to the measures duly taken by the Government of the Reich and to the methods adopted by the Bank für deutsche Industrie-Obligationen for ensuring and facilitating the application of all legislative measures, the Industrial Charges Law has always been applied in such a manner as to enable it regularly to fulfil the object for which it was introduced.

The Trustee recognises with pleasure that the constant and loyal collaboration of the Government of the Reich and of the Bank has facilitated the execution of the task entrusted to him by the creditor Powers.

Berlin, June 17, 1930.

B. NOGARA.

1008. 30. III.